

Dropshipping

101

How to start, run, and grow
an ecommerce business
without inventory



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Introduction

For decades, starting a business was a costly and complicated affair. You had to raise sufficient funds all by yourself (or get investors), rent out a brick-and-mortar storefront, and get people in the door. Even today, running a traditional startup takes lots of money, time, and energy.

If you have dreams of [starting a business](#), it's easy to quickly become discouraged. The upfront cost, time to launch, and legion of details make it seem as if your business will never become established, let alone successful.

Have you felt this way before? Have you gotten your hopes up only to have them crushed?

There is a growing trend among entrepreneurs to dispense with the traditional forms of launching a business. It's called dropshipping, and it has made me rethink what I once thought was impossible.

Dropshipping places all the power into the hands of the entrepreneur. It provides a rapid and accessible way for any entrepreneur to generate an income and fulfill their dreams of establishing a wildly successful business.

If you feel like running your own business is out of the question, this guide is for you. I know what it's like to be in your shoes, doubtful that you'll ever make it, but I'm here to tell you that starting your own dropshipping business is completely realistic.

In my opinion, dropshipping is one of the best ways to start a business today. It's incredibly easy to start, and you can begin with just a computer and a [little bit of money](#).

Dropshipping is also an extremely flexible career path, so you can do it as a side hustle or grow it into a full-time job. It's completely possible to make a living from dropshipping alone, and there are countless entrepreneurs who have proven that.

And while dropshipping won't make you a millionaire overnight, it can provide a stream of revenue that you can grow. With the right strategies, you might even be able to say goodbye to your day job and make dropshipping your main hustle.

College students, office workers, stay-at-home parents, and even retirees can all take advantage of dropshipping. It doesn't matter how old you are, where you live, or what experience you have.

However, there's a lot about dropshipping that is still shrouded in mystery. The good information is scattered all around the Internet, and it's hard to tell what works and what doesn't. If that's not problematic enough, a good chunk of that information is outdated.

And sometimes, you might doubt the information you read. You don't want half-baked theories – you want actionable advice from dropshipping veterans who know their stuff. That kind of advice isn't always easy to get.

That's why I've created this guide specifically for people like you. People who want to seriously pursue dropshipping but don't know where to start.

Our goal is to make this a different kind of guide. I don't approach dropshipping as a get-rich-quick scheme. Instead, I look at dropshipping as a way to strike out on your own while providing value to a particular niche.

I've taken everything you need to know about dropshipping and packed it all into this guide. This isn't just a beginner's guide, either. I'll take you past the basics and address what you need to do after you get the ball rolling.

From choosing a niche to creating a digital marketing strategy, I've covered it all. You'll find information on how to incorporate your company, set up a website, and research your competitors.

Finally, I'll also address some of the problems that you may face. Not sure if that supplier is a scammer? I can help. Don't know where to get a high quality [logo designed](#)? I'll help with that too.

If you've ever wanted to know all the ins and outs of setting up a dropshipping business, this guide is for you. I'll break everything down step by step and show you exactly what to do.



How to Use This Guide

This guide assumes you have no previous dropshipping knowledge and helps you get a business up and running. It's structured to be a chronological, step-by-step guide that will show you what you need to do to start your dropshipping business.

I'll start by introducing you to the fundamental concepts of dropshipping. I'll then build on that foundation and talk about more advanced concepts.

For that reason, I recommend reading from the beginning to the end instead of skipping around. If you jump from chapter to chapter, you might miss some important information.

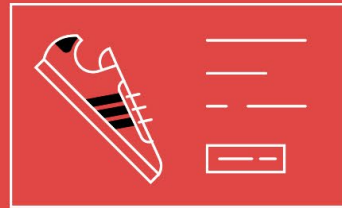
Even if you think you already know everything on a certain topic, I encourage you to read through every section. There's a ton of information packed into this guide, and it requires careful reading (and rereading) to get the most out of it.

For best results, I recommend reading through the entire guide once and then going through it again as you carry out each step. That way, you'll already have the knowledge to get started, and you can use this guide as a reference when you're actually doing everything.

You may find yourself going back to earlier chapters to remember ideas and terms. That's perfectly okay! In fact, I recommend that. The better you understand each concept, the better equipped you'll be to start your own dropshipping business.

1

What Is Dropshipping?



Before we get any further, it's important that you have an answer to the question: what is dropshipping?

Dropshipping is a type of retail fulfillment method. Instead of a store stocking products, it purchases the products from a third party supplier. The products are then shipped directly to the consumer.

For the store, this is a mostly hands-off process. The merchant doesn't have to order inventory or fulfill the orders in any way. Instead, the third party supplier takes care of the product itself.

Dropshipping is great for entrepreneurs because it doesn't demand as much as the traditional retail model. You don't have to open a brick-and-mortar store, pay overhead, and stock products. Instead, you open an online storefront and buy wholesale from suppliers who already have products and warehouse space.

[The merchant](#) is mainly responsible for gaining customers and processing orders in dropshipping, meaning you'll effectively be a middleman. Despite this, you'll reap the lion's share of the profit by marking up the items you sell. It's a simple business model and one that can be very rewarding.

Millions of entrepreneurs flock to dropshipping because it requires less hassle and money to get started. That's probably why you're interested! And the best news of all? With dropshipping, you can build a business that's sustainable in the long term right from your laptop.

Of course, there are many drawbacks and advantages, and it's important that we look at them before you start your own dropshipping ecommerce business. Once you understand the pros and cons of dropshipping, learning how to dropship effectively will be a breeze.

Benefits of Dropshipping

Dropshipping is easy to start. You don't need to be a business guru to get started. In fact, you don't even need any prior business experience! If you take some time to learn the basics, you can get started quickly and learn the rest as you go along.

Dropshipping is so easy because it requires very little from you. You don't need a warehouse to store products or a team to help you out. You don't have to worry about stocking or shipping either. You don't even have to spend a certain amount of time every day on your store. It's surprisingly hands-off, especially once you get going.

All of this means that you can start your business *today*. You don't need to spend months getting everything ready. You can start getting everything up and running within a matter of hours.

You *will* need some foundational knowledge and the right tools and resources, and that's why we created this guide. By the time you've finished it, you'll be equipped with the knowledge you need to jumpstart your own dropshipping business.

Dropshipping is easy to grow. As you scale up, your business model doesn't have to change very much at all. You'll have to put more work into sales and marketing as you grow, but your day-to-day will stay more or less the same.

One of the benefits of dropshipping is that the costs don't skyrocket when you scale. Because of this, it's easy to keep growing at a pretty fast rate. You don't have to hire a huge team either. Unless you want to assemble a small team at some point, you can do almost everything all by yourself.

Dropshipping doesn't demand a lot of capital. Because starting a dropshipping business requires so little, you can get [started with minimal funds](#). You can build an entire business right from your laptop, and you don't need to make any high-level investments. Even as your business grows, your costs will be fairly low - especially when compared to traditional business expenses.

Dropshipping is flexible. This is one of its biggest benefits. You get to be your own boss and set your own rules. It's by far one of the most flexible careers that anyone can pursue.

You can work from home with little more than a laptop, and you can work at the times that are most convenient for you. This is ideal for entrepreneurs who want a business that works for them. You won't have to bend over backwards to get things done. Instead, you set your own pace.

Dropshipping is also flexible in that it gives you a lot of room to make decisions that work for you. You can easily list new products whenever you want, and you can adjust your strategies on the fly. If you're going on vacation, you can automate everything to run while you're away. You get the idea – the possibilities are limitless.

Dropshipping is easy to manage. Since it doesn't require you to make many commitments, you can manage everything with little hassle. Like I said, you can do everything all by yourself if you want to. Once you've found suppliers and gotten everything set up, you're mostly responsible just for your online storefront.

Disadvantages of Dropshipping

Dropshipping has slim margins. One of the disadvantages of dropshipping is that you should expect low margins initially. That's not to say it can't be profitable, but you should be aware that the product margin in some niches might be small.

This issue is especially problematic when you're dropshipping in a [super-competitive niche](#). When you're fighting for customers' attention, you can't afford to make the kind of profits you want to. If you choose the right niche, you'll see larger margins. In niches with lower competitions, you'll have better margins, but usually it will only get so good. That's why dropshipping relies on a fair amount of sales to be profitable.

Dropshipping can make order processing difficult. Dropshipping seems straightforward: the customer orders, you process, and your supplier fulfills. And for the most part, it is simple.

However, if you're sourcing products from multiple suppliers, you might run into some problems. Each of your suppliers might use a different shipping solution, which presents a problem for both you and your customers. Costs can get high, and shipping multiple products can be problematic.

Different suppliers will also have different structures in place for processing and billing. Since you have to manage the interaction with your suppliers, this can get tricky.

Dropshipping doesn't give you a lot of control. When it comes to stocking products, order fulfillment, and shipping, things are out of your hands entirely. One of the disadvantages of dropshipping is that you don't have much control over certain aspects of the dropshipping process. You have to rely on your suppliers to do everything right and work seamlessly. This lack of control can be off-putting to some entrepreneurs, but it usually isn't a problem.

This just means that when something goes wrong, it can be tricky to manage. When everything goes well, it's awesome. But when supplier problems happen, you just have to wait for them to be resolved. This can sometimes cause customer retention issues, but with the right damage control, you can mitigate the problems and keep customer churn to an absolute minimum.

Dropshipping makes customer service more challenging. This is another problem that happens when orders go wrong or suppliers fail. Because you're just the storefront, it can be difficult to sort out orders. Like I mentioned before, you don't have a lot of control, and that can present difficulties when it comes to the customer support side of things.

One of the most unfortunate disadvantages of dropshipping is that you have to take the blame when your customers complain. You could be doing everything right and still run into problems if your suppliers are having issues.

Is dropshipping for you?

As mentioned before, there are both pros and cons of dropshipping, meaning it isn't for everyone. This is especially the case for people who are looking for a get-rich-quick scheme. Dropshipping won't do that for you, and if you're approaching it that way, it's probably not the best choice for you.

That said, nearly anyone can build a dropshipping business.

Still, you might have one of these fears:

- “I don't know if I have enough time to start a business.”
- “I don't want to risk getting fired from my day job.”
- “I don't want to work so hard on dropshipping that I underperform at my 9-to-5.”

The good news is that you can put as much or as little into dropshipping as you want to. Here are two common approaches.

Dropshipping as a side hustle

What is dropshipping's main appeal? Because it's flexible and it doesn't demand much, it's the ideal side job. Many entrepreneurs choose to do dropshipping [on the side](#) while they have a main job that provides steady income. You don't have to sacrifice your day job to pursue your dreams of becoming an entrepreneur.

The number one worry here is that your employer will prevent you from having a side hustle, but believe it or not, many companies are fine with it. You'll want to make sure you're in the clear – ask about your company's policy on side businesses and review any non-compete agreements you've signed. You also definitely want to ensure there's no conflict of interest. But if everything checks out, then you're good to go.

You don't need to dedicate too much time and energy to dropshipping, meaning you'll likely be able to take it on without a hitch. Worried that your side hustle will make you underperform? You don't have to be! You can spend only a couple hours on your business every day and still succeed.

However, it's important to know your limits. If you regularly work overtime at your day job and struggle to find time for important daily responsibilities, you might not be able to give a dropshipping business the attention it needs. Dropshipping doesn't require a lot, but you do need to put serious work into it and carve out time in your day for it.

In most cases, it just takes a little bit of time management and scheduling. Plenty of dropshipping retailers manage their main and side jobs easily. You don't need to sleep 3 hours a night or skip meals to make it work. You'll need to figure out a schedule that works for you and stick to it religiously.

Dropshipping as a full-time ecommerce business

One of the benefits of dropshipping is the flexibility. You can make your business as big or as small as you want it to be. Many dropshippers choose to do it on the side, but it's also a viable career path. If you want to be a full-time dropshipping retailer, you can be!

It's easy to scale up your business with dropshipping, meaning you can grow your business pretty quickly while keeping costs down. Once you've reached customers and gotten enough sales, you can move from dropshipping part-time to full-time. Best of all, you can make this happen at whatever pace you want to.

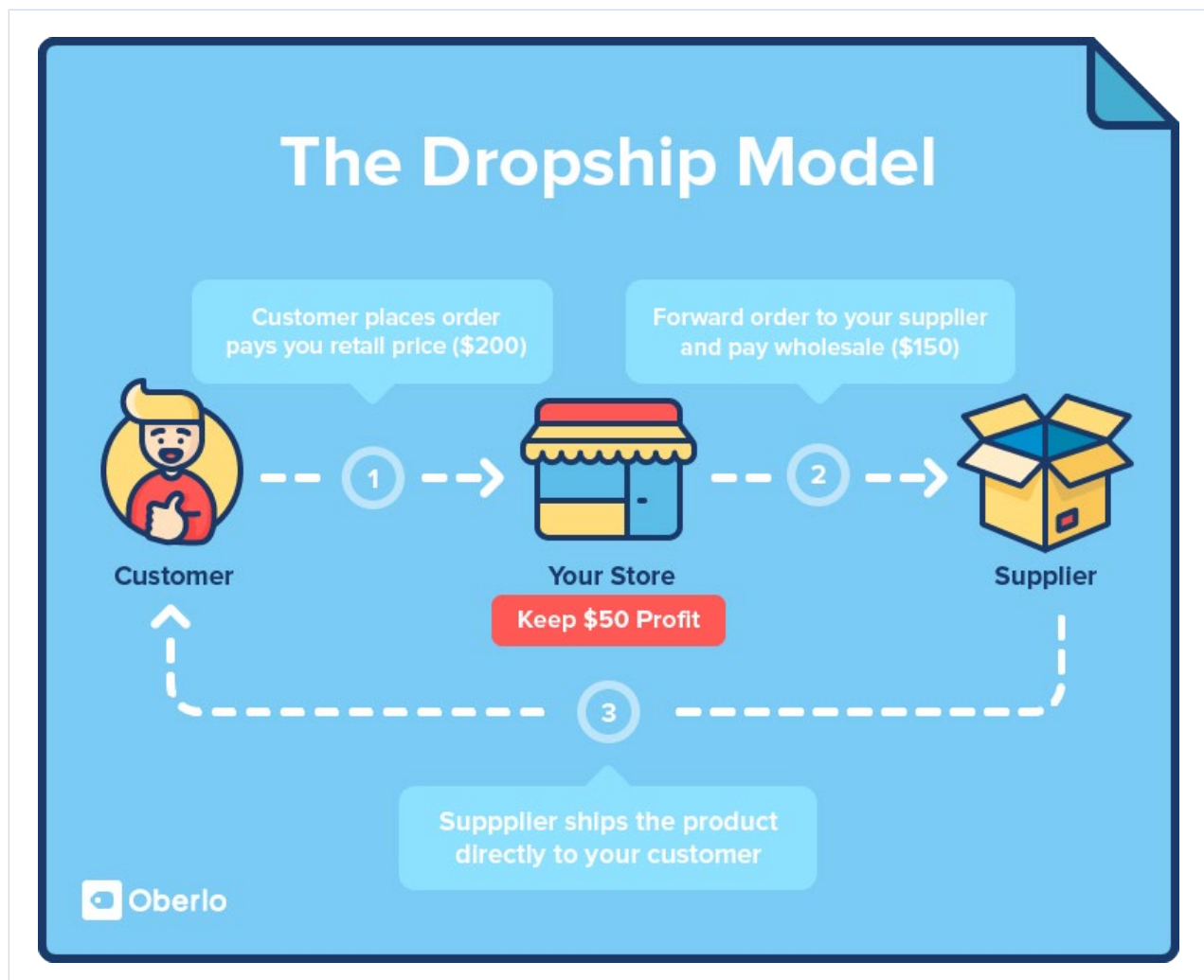
Obviously, this is going to take more work, but the payoff is well worth it. Once you figure out how to dropship effectively, you won't have to worry about unsteady revenue. A well-established dropshipping ecommerce business operates like clockwork, and it can even feel like you're generating passive income.

And since it doesn't take up a lot of time, you could even take on a side hustle while still being a full-time dropshipping retailer! The sky's the limit.

Maybe you're rolling your eyes right now at the thought of becoming a full-time dropshipper, but there are thousands of success stories from entrepreneurs who started out right where you are today. It doesn't take a degree in business or millions in capital to make a living from it.

The dropshipping process

I briefly went over what dropshipping *is*, but you might not know exactly how it *works*. So here's a step-by-step overview of the entire dropshipping process. I'll go over what it looks like behind the scenes, and I'll also look at what the customer experiences (and why it matters).

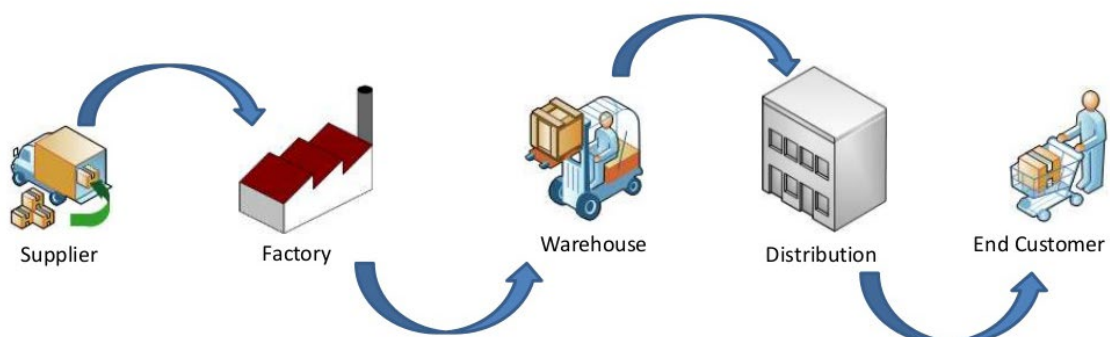


Understanding the supply chain

In this guide, you'll see the term 'supply chain' a lot. It sounds like fancy industry lingo, but it simply refers to how a product moves from supplier to customer. We'll use this to discuss the dropshipping process.

What is Supply Chain

- The flow of material, information, money, and services from raw material suppliers through factories and warehouse to end customer



[Image source](#)

You, the retailer, are just one piece of the puzzle. A successful dropshipping operation relies on multiple parties all working together in sync. The supply chain is exactly that: the coordination of the manufacturer, supplier, and retailer.

The supply chain can be broken down into 3 basic steps:

1. The manufacturer creates the products and sells them in bulk to suppliers and wholesalers.

Let's say Manufacturer A makes water bottles. After the bottles roll off the production line, they're sold in bulk to suppliers and wholesalers, who turn around and resell the bottles to retailers.

2. Suppliers and wholesalers sell the products to retailers.

A retailer like yourself searches out a supplier for a specific type of product. The retailer and supplier then enter into an agreement to work together.



[Image source](#)

A small note here: while you can buy directly from product manufacturers, it's often much easier to purchase from suppliers instead. Most manufacturers have minimum purchase requirements that can be rather high, and you'd also have to store, stock, and ship the products.

So it might seem simpler to buy straight from the manufacturer, but you'll benefit most from buying from suppliers (and dealing with the slight markup).

Suppliers are also convenient because many of them specialize in a certain niche, so you can easily find the kind of products you need. This also means you can get started selling super quickly.

3. Retailers sell the products to consumers.

Suppliers and wholesalers do not sell directly to the public; that's the retailer's job. The retailer is the final step between the product and the consumer.

Retailers provide online storefronts from which consumers purchase products. After the product has already gotten marked up by the wholesaler, the retailer marks it up yet again to arrive at the final price. By 'mark-up', we're referring to [setting a price](#) that covers the cost price of the item and brings you a profit.

That's it! That's the entire supply chain from start to finish. It's a straightforward but crucial concept in business.

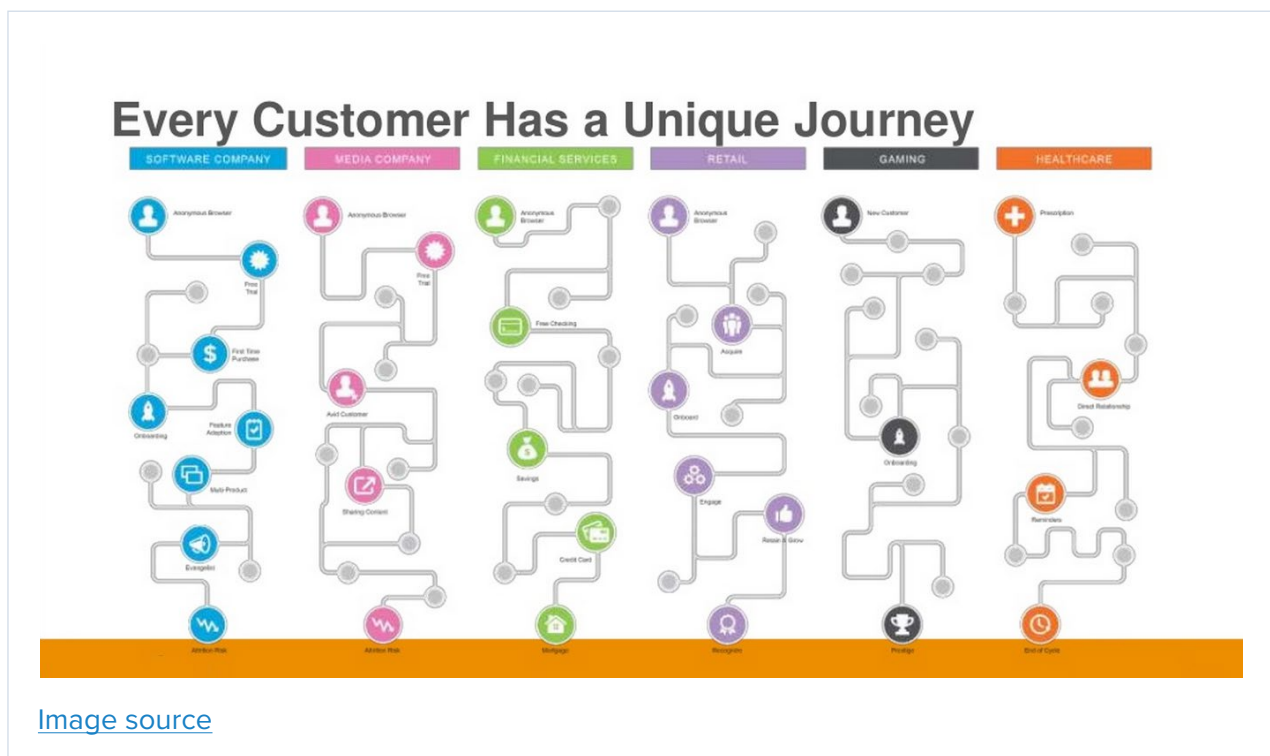
You might have noticed that I didn't refer to any specific party as a dropshipper. *That's because 'dropshipper' is not a specific role.* Dropshipping is simply the action of shipping products for someone else. Manufacturers, suppliers, and merchants can all technically be dropshippers.

In this guide, I'm going to cover how to start a *dropshipping retail* business. In other words, I'll show you how to become the merchant that purchases products from wholesalers to sell to the public. This could mean you sell via eBay or your own website with an online storefront.

Now that you know what the supply chain looks like, consider what it's like for the customer.

What the customer experiences

You've bought products online hundreds of times before, but you've probably never thought about the experience. It's second nature for consumers. As a customer, you don't *need* to think about it, but as a retailer, you absolutely should.



Retailers can learn a lot by thinking about the ideal customer experience of ordering from a retailer. This may seem obvious, but if there are any snags in the customer experience, it could spell trouble for you as a retailer. It's important to know what your buyers expect.

For the sake of explanation, let's pretend you have a business called Fancy Water Bottles, a site called FancyWaterBottles.com, and a wholesaler called Water Bottles Worldwide. Here's what the ordering process would look like from the customer's perspective:

1. Customer A places an order for a water bottle on FancyWaterBottles.com and immediately receives an email confirmation of the purchase.
2. After a few hours to a couple of days, Customer A receives a notification that their order has shipped. The notification includes tracking information so Customer A knows exactly where their package is while en route.
3. Customer A receives the water bottle.

It's the same process you've gone through each time you've purchased anything online. This seems basic, but there are two important aspects of this experience.

First, it's simple. All the customer has to do is order the product and pay for it. Everything else, like an order confirmation email and tracking information, is handed to them on a silver platter.

And that brings me to my second point: convenience. [The buying experience](#) is extremely convenient in every way. An online purchase takes just minutes to make, and customers can browse any retailer's site at their leisure. And if all goes well, the customer won't even have to interact with anyone. It takes the minimum amount of effort to achieve the desired result of getting a product.

This experience is a lot like buying a water bottle at a big box store and using the self-checkout. It's a no-fuss process that doesn't present any problems. This is a big reason why people buy online in the first place, so your storefront has to give your customers that same level of convenience.

Last but not least, the customer should never notice that any other parties besides the retailer are involved. Think about it. When you buy something online, you think, "I bought a water bottle from Fancy Water Bottles." You don't consider where the retailer got the product or who might be shipping your order.

To make the process seamless, the customer shouldn't be aware of all the stops their product makes. The package they receive will have your retail name on it, so as far as the customer is concerned, you fulfilled and shipped the order.

This is how the dropshipping process should ideally look from the customer's point of view. Now let's break down what happens on the other end.

What happens behind the scenes

That's what the customer sees, but what is dropshipping like behind the scenes?. Here's an overview of the process:

1. Customer A places an order for a water bottle on FancyWaterBottles.com and receives an email confirmation of the process. Let's say the total came to \$14.95.

Fancy Water Bottles receives the same email confirmation as well as Customer A's payment. This is usually made possible by automated software that sends out the confirmation to both buyer and seller.

2. Fancy Water Bottles sends the order to Water Bottles Worldwide. Typically, a sales representative from Water Bottles Worldwide will receive and process the order. The retailer will then be charged for the purchase.

For this example, let's say Water Bottles Worldwide charges \$12.95 for each water bottle. The retailer will pay that amount, and the difference is the profit the retailer will make. In my example, the retailer will net a profit of \$2.00.

3. Water Bottles Worldwide packs up the order.

Although the wholesaler ships the product, the package will be addressed from Fancy Water Bottles, and the Fancy Water Bottles name will appear on the invoice and packing slip. (This is so the customer will recognize the retailer's name on the package.)

The wholesaler then sends an invoice and tracking information to the retailer.

4. The retailer sends along the shipping information to the customer. This finalizes the retailer's role in the order process.
5. The customer receives the package and enjoys the water bottle.

That's the supply chain in action. You can see how the retailer, wholesaler, and manufacturer all have to work together flawlessly. When done right, it's a smooth process that results in minimal work for everyone involved.

One point I want to stress is that you, the retailer, are responsible only for two steps: sending orders to the supplier and shipment information to the consumer. Sometimes, you'll have to be responsible for other things like customer support, but if everything goes smoothly, those two steps are all you have to do.

Getting started with dropshipping

All of this sounds like a complicated puzzle, but once you learn how to dropship, it's a smooth process for everyone involved. You, the dropshipping merchant, can do everything remotely and never even touch a single product!

Let me reiterate that you don't need any business experience to open a dropshipping storefront. It certainly helps, but it's not necessary. Many budding entrepreneurs don't ever chase their dreams because they believe they need an MBA or years' worth of experience. This is totally not the case. One of the benefits of dropshipping is that you can learn how to dropship as you go along.

Better yet, there are numerous resources that make dropshipping easier than ever before. For example, [this useful video](#) provides some great advice on getting started. You can have absolutely zero business experience and still easily make a profit. You'll need to learn the ropes along the way, and it will be challenging at times, but I believe it's more than worth it.

Like I mentioned earlier, you don't need a lot of resources to start dropshipping. Now that you understand what dropshipping is, read on to find out what you need to get started!

2

What You Need To Start Your Dropshipping Business



If you've gotten this far, you probably want to get started with setting up your own dropshipping business. You've seen how easy it can be, and you're ready for the road ahead. So in this chapter, I'll tell you what you need to start dropshipping.

Since a dropshipping retail business takes place completely online, you won't have to spend a whole lot, but you will need to plan well and think ahead.

There are some misconceptions about what one needs to start a successful dropshipping business. Many people will tell you to just find a wholesaler, get a site up, and start selling. But that's a recipe for disaster. Businesses who take this approach often crash and burn in no time at all.

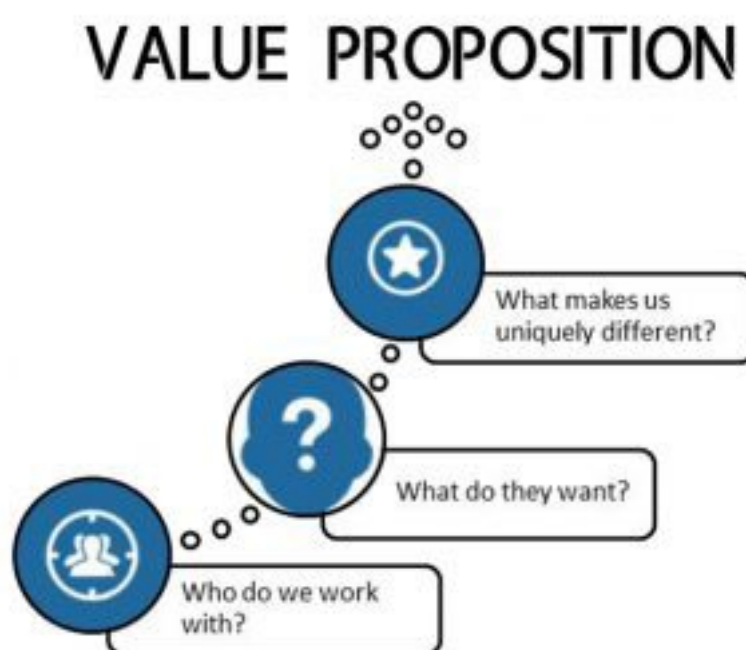
Simply put, there are right and wrong ways to approach your dropshipping business. If you're trying to make money fast, your business will suffer. That's why I advocate a different perspective: the idea that dropshipping retailers should meet the needs of customers in a specific niche.

Naturally, you'll need certain tools and resources to get started, but you'll also need to learn new concepts and develop the right mindset. You'll need to put tons of thought into how you want to set up your business and what goals you want to achieve.

With that in mind, let's go over the must-haves for a successful dropshipping business. I'll delve into these in devoted chapters, but right now let's take a look at the big picture.

Value

Before you go looking for suppliers (and before you even choose a niche), you need to focus on value. This is something I'm going to bring up regularly throughout this guide because it's such a crucial principle.



[Source](#)

Frankly, many dropshipping businesses don't care about value. Dropshipping has gained a somewhat bad reputation because many dropshipping retailers are just trying to outsell their competitors by offering [cheaply made products](#). To make matters worse, dropshippers will sometimes resort to shady tactics to sell and one-up the competition. All of this has led people to believe that it's a scammy practice, but that couldn't be further from the truth.

A dropshipping business is just like any other business, so it makes sense that you should approach dropshipping the way you'd approach another kind of business. Sadly, many dropshippers overlook this. They don't take the time to build a sturdy foundation.

Thinking about value will help you start up a successful dropshipping business. It'll help you stand out from your competitors, and more importantly, you'll be focusing on the single most important aspect of any business, dropshipping or otherwise.

The best way to focus on value is to build it into your dropshipping business from the start. Everything you do should add value to your audience in some way.

If value is your number one priority, you'll be much more likely to get consumers' attention, and your business will last much longer than other dropshippers who just want to make a quick buck.

Wondering *how* you can make value your priority? Well, there are some important questions you need to ask yourself before doing anything else:

- Who are you trying to help?
What type of people do you want to reach, and what do they want?
- What niche(s) could you add value to?
- What kinds of products do customers in my niche want?
- How can I put my customers first?

In short, the best way to provide value is to listen to your potential customers, find out what they want, and then give it to them. Your job is to give customers the best possible experience.

Keeping value a priority has tangible benefits for your dropshipping business. Having this attitude will help you:

- Acquire and retain customers
- Grow a loyal customer base
- Stand out from your competitors
- Make your business unique and trustworthy

Throughout this guide, you'll notice a consistent theme of adding value. It's important that you don't lose sight of this goal as you go on. It's easy to get caught up in the rush of starting a business, but you have to remember to always keep value first.

The right niche

Have you ever wondered why so many dropshipping businesses are unsuccessful?

Sometimes it can seem like retailers are dropping like flies, and it can be discouraging at first. But there are common mistakes that tons of dropshippers make.

One of those mistakes is choosing the wrong dropshipping niche. That's right – one of the most common reason dropshipping retailers fail is because they chose the wrong niche.

To understand why this happens, let's consider some common dropshipping niches:

- Phone accessories (especially cases)
- Clothing
- Beauty/cosmetics products
- Books
- Entertainment (e.g., movies, music, etc.)

You've probably seen a thousand different dropshipping businesses that offer at least one of these types of items.

The problem? These niches are all *extremely* high competition.

Think about dropshipping retailers that sell phone cases. If you want to buy phone cases online, you can choose from thousands and thousands of businesses. From Etsy to eBay and everywhere in between, there are too many phone case stores to count.

If you want to sell phone cases, you'll have to go up against dropshipping stores who have been doing this for years. You'll have to cut through the noise, advertise like crazy, and hope people find you (and choose to buy from you).

More importantly, it's hard to add real value to a niche like that. When you dropship, you're often choosing from the same products your competitors buy. That means you have to take an entirely different approach to adding value.

The dropshipping niche you choose is a huge determining factor for value. If you choose a less popular niche, there's a good possibility you can step in and fill a need in that niche. But if you choose a niche that's super crowded, it's going to be almost impossible to differentiate yourself from your competitors (who have been around longer and are more popular).

Of course, choosing the right niche is a crucial decision for any business, but many dropshipping businesses seem to completely overlook it. Most dropshippers assume that they can just choose a hot trend and jump on the bandwagon.

When you're choosing a niche, there's a lot to consider. That's why I've dedicated Chapter 3 to helping you settle on a dropshipping niche.

The right products

Once you've settled on a niche, it's time to take the next step and think about the kinds of products your store will offer.

It's not as simple as choosing dropshipping products that seem popular. You need to be picky about your products. In order to establish a successful dropshipping business, you need to select your products carefully and base your choices on what your audience wants and needs.



Again, you have to think about value. While looking at [bestselling products](#) is a good place to start, it's not the be-all, end-all of product selection. You have to make sure the products you offer have significant value to your customer base. Many popular dropshipping products are only popular for a while. If you choose products that have lasting value, you'll be able to offer products that can stand the test of time.

At the same time, you want to analyze product trends and use them to your advantage. If certain products have boomed over the last few months, they'll probably sell very well. Later in this guide, I'll show you how to analyze trends and figure out which products will be best for you.

Once you start dropshipping products, you might decide to change the items you offer according to your audience's needs. Still, aim to start off strong and establish a line of products that will do well for you.

Finally, bear in mind that product selection is an ongoing process. You need to stay up-to-date with trends in your niche and change up your storefront accordingly. That's why I'm sharing specific strategies for product research. Your goal is to use these strategies on a regular basis to optimize your store for sales and overall performance.

An incorporated business

Most suppliers and wholesalers require any business they work with to be legally incorporated. In fact, if you're not incorporated, most wholesalers won't show you their pricing or other details. That's how important it is.

Remember, a dropshipping business is still a business. It should follow many of the same rules as a traditional business. Dropshipping may take place online, but it still needs to be conducted according to the law.

**If you don't follow these important rules, you'll run into problems.
The bottom line: it's best to be incorporated before you even reach out to suppliers.**

THE TOP 8 ADVANTAGES OF INCORPORATION



 **LEGALLOGIK**

[Image source](#)

I'll cover this in more detail in Chapter 5, but for now, just remember that at some point, you're going to have to take the time to make sure your business is legal and good to go.

Supplier(s)

As you might have guessed, getting suppliers and wholesalers on board is an absolute necessity. Since you'll get your products directly from [suppliers](#), you obviously want to work with companies that have a great track record and solid communication.

You'll need to put some serious time and consideration into this part of the process. You don't want to choose the first wholesaler you see, and you also don't want to blindly go with the most popular suppliers you can find with a Google search.

You'll have to weigh your options, compare prices, and make sure you have access to the dropshipping products you need. There are also certain protocols you'll need to follow when contacting wholesalers and making arrangements with them.

Chapter 8 is entirely devoted to helping you find suppliers, so if this seems intimidating, don't worry. I'll be addressing everything you need to know about choosing the right suppliers for your business.

A game plan

There's one last major ingredient you need: a game plan. By 'game plan', I mean a vision for your business and actionable steps to make that vision happen.

You don't need to plan out every little thing you're going to do, but you should have an idea of how you're going to approach your new business. You want to get a sense of the big picture and then figure out the smaller details. It never hurts to be too thorough.

Here are some areas to consider:

- Getting sales
- Taking a certain angle in your niche
- Digital marketing strategies
- Optimizing your online store

This is also a good time to ask the tough questions so you can prepare yourself for them. For example, what if you're getting nowhere after 6 months? 1 year? It's not fun to think about these kinds of things, but doing so might save you from utter failure.

Another question you might want to ask yourself is, "Ideally, where do I want my business to go over the next X years?" This is a more general question that can help guide your vision.

If you know exactly what you want, you can take steps toward making it happen. The more specific you get, the better. It might help you to draft up a business plan or even a flowchart that traces the ideal trajectory of your business.

Getting Started

So far, you haven't been able to actually do anything. I know it's not fun, but it's how every legendary business started out.

But now, that's all going to change. You'll soon be able to put the knowledge and strategies you've developed to work.

By now, you should know:

- The niches you're interested in
- The types of products you want to offer
- Your plan for your store's future

Now you can start setting up your business in earnest. First, I'll dive into selecting a niche for your store.

3

Choosing Your Niche



So you've decided to start a dropshipping retail business, and you're wondering what to do first. The first big decision you have to make is [which niche products to offer](#). The best way to ensure that your business is successful is to think carefully about which niche is the best dropshipping niche for you.

Settling on a niche is a bit more complicated than it seems. For dropshipping, you want to pick a niche that's profitable and that doesn't have insane levels of competition. That's the basic formula. The right research will help you do this, but it will take some time.

If you already have a niche you're eyeballing, you need to analyze that niche from a retailer's perspective and consider how successful you'd actually be in that niche. On the other hand, if you have no niche in mind, that's fine too. I'll be covering every step from researching the top dropshipping niches to narrowing down your options.

I know it's tempting to find the hottest new niche and spend an afternoon setting up a store. In fact, that's what a large number of dropshippers do. They see which niche products are exploding and blindly hop on the bandwagon.

However, this is not a good method. You might achieve runaway success for a while, but after that ends, you'll probably watch your business fall apart. This happens to almost every entrepreneur who capitalizes on the latest craze. A business model like that simply isn't meant to last, and my goal is to help you create a sustainable dropshipping retail career.

If you want to turn dropshipping into a steadily flowing stream of income, you'll need to choose your niche carefully. In fact, niche selection is one of the most important business decisions you'll ever make. It sets the stage for everything else to follow.

Think about it. The niche you choose will influence:

- What products you offer
- How much you sell
- Which suppliers you work with
- What marketing strategies you use
- How successful your business will ultimately be

It's a big decision, and it's not one to be taken lightly. Too often, dropshippers realize the niche they chose isn't working out, and they have to go back square one. That can be a colossal waste of time, money, and other important resources, especially if you've been at it for a while.

The more thought you put into selecting a niche, the sturdier your business will be. You won't doubt yourself a few months down the road. And that's what this chapter is all about: helping you find the best dropshipping niche for your business.

I find that a lot of success with dropshipping comes from asking the right questions. So without further ado, let's look at the most important questions you need to ask yourself when selecting a niche.

How to evaluate dropshipping niche ideas

Choosing a niche can be confusing. There are millions of niches, so it's tricky to know which ones are viable. To make matters worse, many of those niches have established businesses you'd be competing directly against. It's the million dollar question: how do you break into a profitable niche as a newbie?

When you're thinking about this, it may seem like every niche is saturated, but that's not true. There are niches that still have a genuine need for product purchasing options. Some niches haven't been tapped into heavily, while other niches have product-based needs that your store could help with.

However, it can be difficult to know where to just *start* looking for optimal dropshipping niche ideas. Where do you look? *How* do you look? What criteria should you use for finding good niches? To the beginner, these are daunting questions.

There's a reason it's so intimidating: niche evaluation is really a specialized field of its own. You could spend months choosing the best niche, but that's not exactly practical for dropshipping. Luckily, there are tactics you can use to choose a great niche in a matter of weeks (or even days, though you shouldn't rush it).

Basically, you have to determine if a niche is suitable based on the following:

- The level of competition
- The demand for physical niche products
- The long term forecast of niche popularity

The best dropshipping niche would have low to medium competition and high demand. It would also stay popular indefinitely. Of course, niches like this don't exist, so you have to figure out how to balance these criteria. The right balance for you might not be right for another entrepreneur, so you have to think critically about which elements are most important to you.

Here's a simple two-step process you can use to start your search for a niche. It revolves around the idea that some niches are better for physical products than others. Once you've found those niches, you can ask other questions to help you narrow it down further.

STEP 1: Search for trending or low-competition niches.

Begin by doing a simple Google search for 'trending niches' or 'low-competition niches'. You'll have to narrow your search a lot, but this is a basic start. You're just taking baby steps for now and getting a very big picture sense of the various dropshipping niche ideas out there.

51 Profitable SEO Niches to Dominate with Low Competition - ViperChill

www.viperchill.com/profitable-seo-niches/ ▼

Aug 25, 2016 - 51 Profitable **SEO** Niches to Dominate with Low Competition. Today I'm going to reveal some of the most interesting online niches where there is a lot of money to be made. These are niches which have a level of competition that allows you to compete, and fast.

Find Your Niche With My Secret To Finding Profitable Niches

<https://www.matthewwoodward.co.uk/Tutorials> ▼

Nov 30, 2017 - Learn how to find a **niche** market with my research methods that finds ... to learn how to find proven profitable **niches** with **low competition**.

1038 Awesome High-Potential Amazon Niches 2018 | Jungle Scout

<https://www.junglescout.com/blog/potential-amazon-niches-2018/> ▼

Dec 27, 2017 - Does not look like a very **competitive niche**, looking at the top sellers and ... There are a fair number of **lower** rated products in these top results.

How To Find Profitable Keywords (With No Competition) - RankXL

<https://www.rankxl.com/how-to-find-profitable-keywords/> ▼

Jan 8, 2015 - Instead of going for **low**-hanging fruit, I'll aim for the ones with the ... I like to stay away from **competitive niches**; by that I mean **niches** that are ...

18 Low Competition Niche Site Ideas with Keywords | More from Your ...

morefromyourblog.com/25-low-competition-niche-site-ideas-with-keywords/ ▼

Mar 26, 2014 - FREE Niche site topic ideas! 18 **Low Competition Niche** Site Ideas with Keywords. Start making money today with this unprecedented FREE ...

Finding Your Niche in 20mins or Less, with 3 Simple Steps!

www.chrisducker.com/finding-your-niche/ ▼

Finding a **niche** and finding **niche** market keywords are important for aspiring ... This leads me to believe that because the organic **competition** is **low**, and there ...

Typically when you search for trending niches, you'll find lists of niche products that are currently popular or predicted to become popular in the coming months. These have a lot of potential, but they may also get crowded.

Low-competition niches, by definition, won't be too crowded, but this could limit how much you can earn. Niches with super-low levels of competition will usually have smaller audiences, and that translates into a smaller customer base for your business.

In addition, some niches won't be right for dropshipping, so you'll want to make sure you're looking at product-based niches. (For example, explainer videos have surged in popularity, but an explainer video is not a physical product, so dropshipping is out of the question.)

When you're looking at niches, you want to make sure they meet a few important criteria. You could do this later, but I feel it's best to filter your results early on. Here are some questions to ask:

“Is this a product-based niche?”

First, it's essential to make sure the niche you're considering has a decent amount of physical products associated with it. Some niches, like explainer videos, have no product-based needs at all. Other niches do have product-based needs but not many. For example, niches that mostly deal with digital products, like cryptocurrency, aren't all that practical for dropshipping because of the low amount of physical products available.

As you do more research, you'll see that certain niches are inherently more plentiful with products than others. For example, clothing is better than time management for dropshipping because it offers more product variety.

The more niche products you can offer, the better. You don't want to sell everything under the sun, but you do want to have a good amount of variety. That's why a niche that has lots of products is great for dropshipping. It gives you a ton of room for growth and expansion.

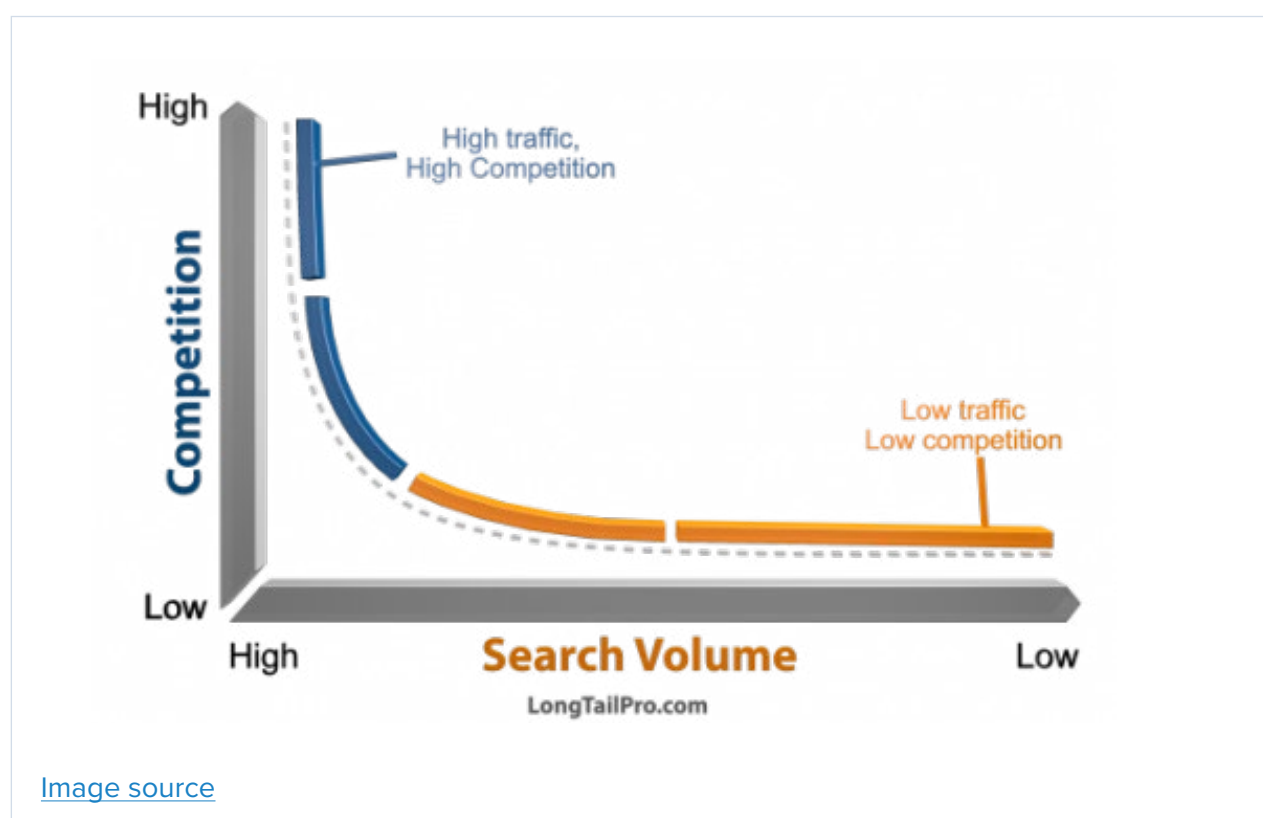
This can be tough because with a high amount of product variety, there's often a high level of competition. However, if you look outside of the most popular niches, you should be able to find some niches that aren't too competitive yet still have a good amount of product variety.

Last but not least, make sure the products are easily accessible for both you and your customers. For example, custom made items are generally more difficult to dropship, and they won't give you the best profit margins. You also want to consider the fact that the more obscure niche products won't have a broad appeal. As a general rule, a product that appeals to a wide group of people within the niche is a good product to dropship.

“How popular is this niche?”

Ideally, you're after a niche that's not *too* popular. You want to choose a niche that has sufficient interest and product demand to sustain a retail business. Often, you will have to compromise, and it's a matter of knowing *how* to compromise.

When conducting niche research, if you can tell right away that a niche is incredibly popular, be warned that it may be difficult to break into. As a new dropshipper, you'll face the challenge of getting your brand seen, and it's much easier in a lower competition niche (even though bigger niches may be tempting and seem easy).



The niche evaluation steps in this chapter will help you find a good niche that's not too empty or too crowded. And in Chapter 4, when you research products, you'll get an even more detailed idea of how popular your chosen niche is.

“Is this niche just the result of a passing fad?”

Every year, there are several handfuls of trends that come and go in a matter of months (sometimes weeks). Businesses pop up left and right to capitalize on these trends, but when the trends die, so do the businesses.

At the same time, a new trend could become the next big niche. Lately, niche products like drones, fidget spinners, and virtual reality gear have become hugely popular in a matter of months, and the dropshippers in these niches have scored big. However, there's always a risk involved with going with the coolest new niche, so it is usually safer to choose a niche that's been around for a while.



[Image source](#)

If you find a niche that's relatively new, it might not be a good idea to pursue it, but you have to evaluate this on a case-by-case basis. As a rule of thumb, you should give preference to niches with established (or at least devoted) communities.

“Am I too passionate about this niche?”

I know this seems like a weird question because usually passion is a good thing. But in this case, too much passion can actually be detrimental to your dropshipping career.

Let's say you have a lifelong love of lava lamps. That passion is great, but it won't necessarily translate into sales. You can't build a dropshipping career on lava lamps because they're very niche and not big sellers. You can have all the passion in the world for lava lamps, but you can't magically turn them into a sustainable career.



[Image source](#)

In addition, passion can often blind you to the harsh truths that come with operating a business. Maybe certain niche products aren't selling well but you want to keep it around anyway because you like it and believe it will do well. So while it seems like having lots of passion is good, it's usually ideal to have a fair amount of detachment from the niche products you choose.

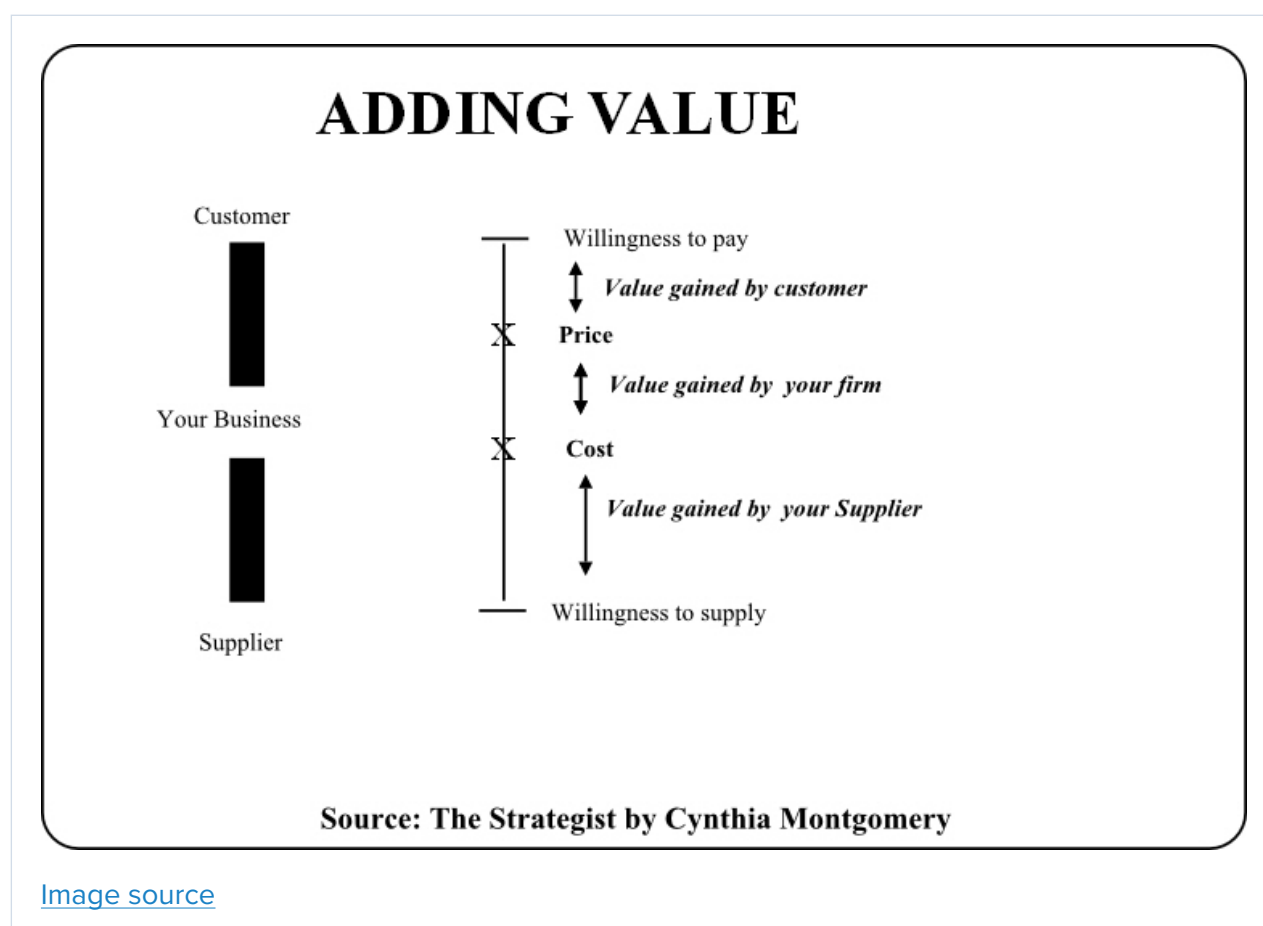
That's not to say you can't pick your favorite niche for dropshipping. If you're able to objectively evaluate your niche and if it looks like a good choice, go for it. Getting an outside view helps a lot with this decision.

You need to step back from what you think of a niche and look at it through an entrepreneurial lens. You're going to have to make business decisions based on facts and figures, and you need to be able to do that easily without being too emotionally or personally invested.

“Can I actually add value to this niche?”

This is another question few dropshippers ask. Most people think that opening up a store *is* a form of adding value, but that’s not always true.

If you’re opening a store that’s basically a carbon copy of an existing store, you’re not doing anything new or unique. You have very little to differentiate yourself from your competitors.



But the most problematic thing is that some entrepreneurs who start dropshipping businesses like this don't *want* to provide value. These are the get-rich-quick schemers who see dropshipping as a means to an end. Customers can see right through this, and it's also a poor attitude to have in general.

It's easy to tell if a business is earnestly trying to provide value or just trying to make a quick buck. People are more likely to support businesses that give them value. By putting your customers first and emphasizing value, you'll be creating the best conditions for your business to grow.

If you don't focus on value, you'll have a harder time selling.

That's why you need to be honest with yourself here. Can you *really* add value to the niche you're considering? Can you offer something different to customers who have a bunch of retailers to choose from?

One of the best ways to evaluate this is by looking at retailers who are already in the niche, and that's what the second step is all about. However, this is a question you should start thinking about now.

If you feel like you can't take an interesting angle or do something differently, reconsider the niche (as painful as that may be). Rather revise your niche than choose one that won't work for you.

STEP 2: Search for existing retailers.

Next, spend some time researching the retailers who are already established in the niche. For now, simple Google searches will suffice. Use various combinations and product keywords to see who's selling what, and pay attention to who the big players are (i.e., the retailers you see over and over again).

This step really deserves an analytical approach if you want to get the most out of it. I recommend keeping a list of the retailers you find and making sure to record details like their name, website, and social handles. (A spreadsheet is great for this.)

Don't just look at the most popular stores – search high and low, and look at everything that's out there. There may be smaller retailers who are becoming popular and doing something unique, and analyzing these stores is just as important as analyzing the big names in your niche.

And don't be afraid to take extensive notes on what you see. Often it's the little things that matter, and scrutinizing details can help you understand why some retailers' strategies are so successful. Once you understand what they're doing, you can break it down and use the knowledge for yourself.

Once you've gotten a list of 5-10 retailers, take this opportunity to also look at each store's online presence. You don't need to do extensive research at this point. Just take a look at each retailer's site and social media accounts to get a rough idea of their strategies. See what kinds of content they post, how they engage customers, and when they mention their products.

If you can't find many retailers, that could be a good or a bad sign. Low competition is great, but you still need to have a sizeable audience to buy your niche products. This means that if you barely find any retailers, you'll need to look at pages and online communities dedicated to the niche. Lots of activity is good, but low activity means this niche is probably a bad choice. It could also mean that this niche doesn't have a huge need for physical products.

This step doesn't need to determine the niche you choose, but it should give you an idea of what you're dealing with. It will clue you in to how popular the niche is and how much value you could give customers. Again, don't be afraid to spend a lot of time on this step.

When you're finished, you should have a list of niches that are practical for dropshipping, along with the details of retailers who are already in those niches.

Is it better to choose a super saturated or super unsaturated niche?

[The perfect niche](#) would have low competition but a large audience. In the real world, that rarely happens. The typical niche is moderately saturated, with a reasonable number of retailers and an audience that's not too big or too small.

But what if you're stuck between choosing a super-saturated or a super-unsaturated niche? That's a tough decision. It's important to note that you probably won't have to choose between these two extremely different options. Most of the time, you'll find niches that aren't completely saturated or unsaturated.

If those *are* your only choices, you might want to go back to the drawing board and consider other dropshipping niche ideas. It's hard to be profitable in a niche that has a huge amount of competition, but it's just as hard to be profitable in a niche that doesn't generate a lot of interest.

Like I said, this won't happen often, but it's important to think about because it makes you calibrate your mindset. You shouldn't focus on making profit so much that you skimp on choosing the right niche. Entering a huge dropshipping niche seems like it's a good idea, but in reality, you can have a lot of trouble selling niche products when you have thousands and thousands of competitors.

Is the niche sustainable?

This is another major question you need to ask about any niche you're seriously considering for dropshipping. Whether you're dropshipping on the side or full-time, you need to think about how sustainable a niche will be for you.

Even if you've already determined the niche is not just a fad that will blow over in a matter of months, you still need to think about the future. Considering the long term can mean the difference between success and failure. Plenty of niche products seem ideal for dropshipping, but when you think about where those niches will be a year from now, you start to realize that they might not be so promising.

Let's go back to the example of phone cases. While the phone case niche is extremely saturated, there will always be a need for phone cases. People aren't giving up their phones, and the amount of people with phones isn't decreasing. Most importantly, people will always want to personalize and decorate their phones. Thus, it's a sustainable niche.

Now let's take another niche product with a very specific angle: eclipse-related products for the United States. When total solar eclipses happen, people go crazy with buying all kinds of gear related to the phenomenon. It seems like it'd be a no-brainer to set up a dropshipping retailer for this.



[Image source](#)

However, total solar eclipses don't occur in the U.S. very often. Because of that, a dropshipping store that sells eclipse products would only get business during eclipse years. Most years, it would get zero sales, which means these niche products are a poor choice for a long-term dropshipping business.

Finally, let's consider a third niche: clothing with catchphrases. This is a tough trend to forecast because some catchphrases stick around while others don't. (Think about the lasting "Keep Calm and ____" trend.)

While you could strike gold with the right catchphrase, this idea isn't the best for a dropshipping store. The trend will eventually die out (even if it takes a couple of years), so if you're looking to do dropshipping long term, you'd want to avoid those niche products.

When thinking about sustainability, ask yourself what the lifespan of the niche is. Do you see this niche being as popular a year from now? What about five years? What do experts think?

This can be a tough nut to crack, and sometimes there will be risk involved because it's impossible to predict the future of any given niche. Just be sure you're not pouring all your money into a fad that will be over a month or a year from now.

Niche evaluation in action

Now you know all of the strategies for selecting which niche to choose, but maybe you're a little confused about how it all comes together. So let's put all of this into practice by looking at an example.

Let's say you're looking to set up your first dropshipping store, and you've searched the Internet for some niches that are ripe for new businesses.

You have a list of 4 niches:

- Travel products
- Custom T-shirts
- Coding
- Fidget spinners

To narrow this list down to just one final choice, you can ask the questions listed in the 2-step process above. Here's how that might look.

QUESTION 1: Is this a product-based niche?

The first step is to filter out the niches that don't have a large need for physical products. But even once you've done that, you want to gauge how well physical products could perform in the remaining niches.

Right off the bat, you can answer 'no' for coding. Coding has a few physical products associated with it, but for the most part it's a digital-based niche. So you could remove that from your list.

The other three niches all have specific physical products associated with them, so they get a 'yes' for this question.

Now onto part 2 of this question. Exactly how big of a need does each niche have for products? You could argue that all three have fairly large needs, so for now you can keep considering all of them.

QUESTION 2: How popular is the niche?

Next, it's time to [examine the popularity of each niche](#). Your answers here won't necessarily eliminate any niches from your list. Instead, this step is meant to give you a sense of what you're dealing with.

The problem with this question is that niche products fluctuate in popularity from time to time, so there are no hard-and-fast answers to this. It's a question you have to answer for yourself. Conducting research on each niche is the best way to accurately analyze its current and future popularity.

But for the sake of argument, I'll say that custom T-shirts and fidget spinners are very popular while travel products are moderately popular. Again, these terms are subjective, and I'm using them just for this example. In actual practice, you'll want to have more specific data to compare.

That means you have the biggest chance selling travel-related niche products, but it also doesn't eliminate the other two entirely. It's simply a warning sign that those niches (custom T-shirts and fidget spinners) may be *too big* to break into. Nothing is impossible; some niches are just easier than others for dropshipping.

QUESTION 3: Is this niche just the result of a passing fad?

This is an easy one. For fidget spinners, you can quickly answer 'yes', so that one has to go. Those niche products are definitely part of a fad that won't carry on into the future.

On the other hand, custom T-shirts and travel products are not fads, so they can stay.

QUESTION 4: Can I actually add value to this niche?

This question will often decide whether you eliminate a niche or not. You have to put away your dreams of making it big and be brutally honest with yourself. Take any niche you're seriously considering and ask yourself if you can add tons of value with a new online store. Will you be able to fill a need that other merchants aren't filling? Will you be able to offer something new or different to prospective customers? Will you present or offer niche products that your competitors don't sell?

This is a difficult question to answer, but in this example, the two niches left (custom T-shirts and travel products) are quite different in terms of market saturation. There's no question that there are far more custom T-shirt stores than there are travel products stores.

It's also difficult to add value to a niche when it's so saturated, and you might find that's the case with custom T-shirts. You can get any kind of custom T-shirt you can imagine, so you can't really offer anything unique. However, it's possible that with excellent design options, you could very well offer something your competitors can't.



[Image source](#)

This question might take you a while to answer, and that's par for the course. You'll also need to think critically and honestly about your ability to add value in niches that are more saturated. Overall, in this example, travel products would be the best choice.

QUESTION 5: Is the niche sustainable?

But wait! You're not done yet. You have one step left: make sure the niche is sustainable.

There's only one niche left: travel products. Travel-related niche products are certainly something people will always need, and people aren't going to stop traveling anytime soon, so you can confidently say the niche is sustainable.

Final Thoughts

Before I conclude this chapter, I want to say a few words on the process of niche selection.

I hope this example process has helped you see how to execute these strategies yourself. It won't always be as easy as this to choose a niche, so be prepared to dig in and do some research. It can be hard to tell if certain niche products are unsustainable or too popular. Trust me when I say that even if you put in a ton of work on this step, it will all pay off in the future.

When you use this process, be thorough. Even if you narrow down your list to one niche early on, you still need to ask the rest of these questions. A good dropshipping niche will always pass this test. Of course, it could be that none of the niches you selected will work for you. That can be a hard pill to swallow because you'll have to start all over again, but it's much better than choosing the wrong niche.

Finally, bear in mind that you may need to revisit this step. The next chapter discusses how to select niche products, which is another complex issue in itself. You may find that your ideal niche has a super-crowded product landscape, or that it hasn't been profitable for a long time.

In those kinds of situations, you might want to go through the niche selection process all over again. This can seem like grunt work, but you have to push through it until you find a profitable, sustainable niche with a good variety of products.

You've got a dropshipping niche! Now what?

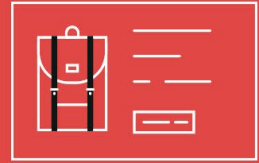
Congratulations! You've completed one of the toughest steps in the journey!

Next, you have to choose the products you're going to offer. Before you do so, I recommend taking some time to really familiarize yourself with your niche.

If you already know it inside and out, great. If not, take 7-14 days to study your niche. Take a look at the retailers in the niche, the products they sell, the reviews people give, and the ways people use the products. Get to know the niche from as many perspectives as possible. After that, you can start the process of choosing the best niche products for your store.

4

Choosing the Right Products



Selecting the right dropshipping products is a crucial and difficult step in planning your business. Even if you know what niche you're going to be entering, you might have little to no idea of which products you should offer.

It doesn't help that you could carry any number of the millions of products that various wholesalers make available. Furthermore, you want to offer high-demand dropshipping products that will drive people to your storefront while avoiding products that will just take up listing space.

Ultimately, [your audience will decide](#) which products you should carry. You'll need to consider what your new customer base is looking for and offer products that meet their needs. To that end, in this chapter you'll be using different tools to figure out what your audience is buying and which products have risen in demand.

In this chapter, you'll learn the basics of selling products online and how to find the best dropshipping products for your niche. The ability to research potential products and analyze trend data will serve you well, and you can even apply these skills to other areas like SEO. Let's get started by going over the basics.

The basics of selling products online

There are some basic truths of products that apply to dropshipping products, and you have to be aware of these if you want to succeed. Specifically, there are certain ways to make money with products, and you have to be using at least one (preferably more) of these strategies:

Gain rights to exclusive distribution or pricing. Since you can't manufacture your own dropshipping products, the next best thing is to acquire exclusive access to product distribution or pricing. If you're the only retailer offering a product (or a special low price for that product), it'll be easy to generate sales because you'll have a monopoly on that product or price point. This isn't always easy to accomplish, but it can be very lucrative if you can manage it.

Sell at lower prices than your competitors. This is the approach most dropshippers take: undercut competition by dropshipping products at rock-bottom prices. But this is a business model that will eventually fail. At some point, you won't be able to sell at such low prices without taking a loss. And just think about having to compete with other retailers, especially giants like Amazon. It's just not practical, and I don't recommend doing this.

Add value. I've already stressed this, but it bears repeating. Many dropshippers don't even think to add value, which makes this one of the best strategies to use. You might add value with buyers' guides, professional quality product images, or how-to videos. Whatever you do, it's important that you can offer some sort of value in addition to dropshipping products that your customers want.

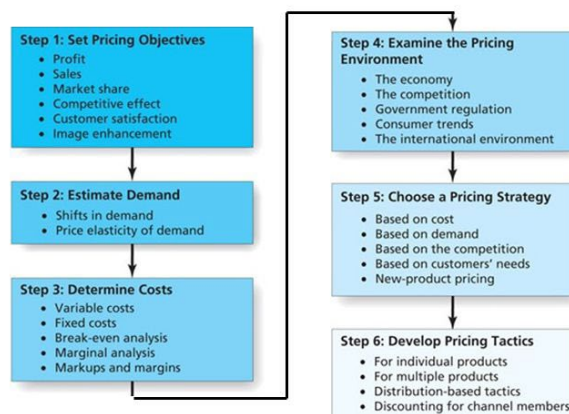
When it comes to dropshipping products, adding value is the surest way to succeed. It's also the easiest strategy in many respects.

Even if you know how you're going to add value to your store, you still need to think about things like pricing, marketing, product availability, product demand, and competition. Each of these areas are complex and need to be thoroughly addressed before you move on.

Pricing

This is a big one. Obviously pricing is something you must consider [carefully](#) if you want to sell products online, but many entrepreneurs don't give it the attention it deserves. When it comes to dropshipping products, you need to think about how you're going to price your items and how you *can* price your items.

Figure 11.1
6 Steps of Price Planning



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11.4

[Image source](#)

That's because sometimes there are limits on how you can price your items. Many manufacturers set a minimum advertised price (MAP). If a product has a MAP, it means you, as a reseller, have to price the item at or above that price.

This is a great thing because it prevents retailers from dropshipping products at super-low prices and starting pricing wars. It also levels the playing field among dropshippers, which means you don't have to lower your prices just to stand out. On the flip side, MAPs limit the amount of profit you can make, but this is a small compromise for the benefits that MAPs bring.

Some manufacturers don't set MAPs for their items, which makes selling a bit trickier. You could find yourself losing sales because some other store is selling the same product for less. At the same time, lowering your prices would slash your margins even more, so it's pretty much a lose-lose situation. Overall, products with MAPs are better for your bottom line.

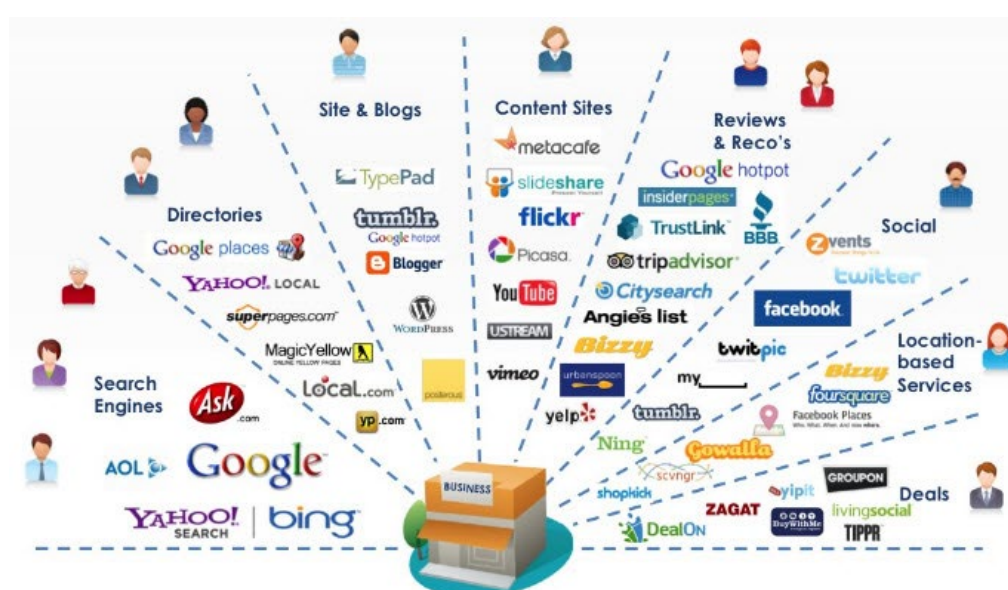
You also want to think about the price range for the items you'll offer. Although being the cheapest retailer is a bad strategy, you do want to be able to price competitively, and you'll want to offer items that are accessible to customers.

This is especially true when it comes to dropshipping products that are particularly expensive. Deciding to offer pricey items can present additional issues. If your items are on the pricier side (\$500 and up), potential buyers will often want to talk to a sales representative to make sure your store is legitimate and that the product is right for them. So you'll have to budget for customer support so you can answer customers' questions and give them peace of mind.

That level of customer support isn't always practical if you're a solopreneur bootstrapping everything with just a laptop. That's why the range of \$100 to \$200 (give or take \$50 or so) is often considered the sweet spot for dropshipping products. You can make a solid profit and offer appealing prices to your customers without having to spend a pretty penny on customer support solutions.

Marketing

When it comes to dropshipping, marketing is very important. Even if you're not a marketing veteran, this is still something to spend some time with. You don't have to create super-detailed marketing strategies at this point, but you should have a general idea of how you're going to market your products. What channels could you use for marketing? What are other retailers doing? Are there many ways to market the dropshipping products in your niche, or are you limited?



[Image source](#)

You can take a page from your competitors' books by [seeing what kinds of marketing strategies they use](#) and then analyzing which ones could work for you. You may be surprised at how easy it is to pick out useful strategies and techniques from other retailers. If you're new to marketing, check out [this blog post](#) that features 13 actionable strategies even a beginner can understand.

When you're new to dropshipping, marketing is especially important because it's how you'll get people to your store. If you don't market your dropshipping products, you won't get any traffic. Even if you're using solutions like Shopify, Amazon, or eBay, you still need to leverage the power of marketing.

While it's tempting to focus exclusively social media marketing, dropshipping businesses also benefit from other types of marketing. Can you set up an email marketing strategy around your store? What about advertisements? [SEO](#)? Moreover, how are you planning to generate traffic and acquire customers?

This stuff can get a little dry, but it's best to think about all of this now and not months from now when it's too late. Being proactive about marketing will help you hit the ground running when your store launches.

Product availability

Availability is actually a pretty big factor in deciding which products to offer. When it comes to dropshipping products, it's important not to choose items which are too easily available.

What do I mean by that? Well, why do most people buy items online? Because they can't get those items anywhere else. If you're dropshipping products that are only available online, you're going to optimize your store to get the most possible sales.

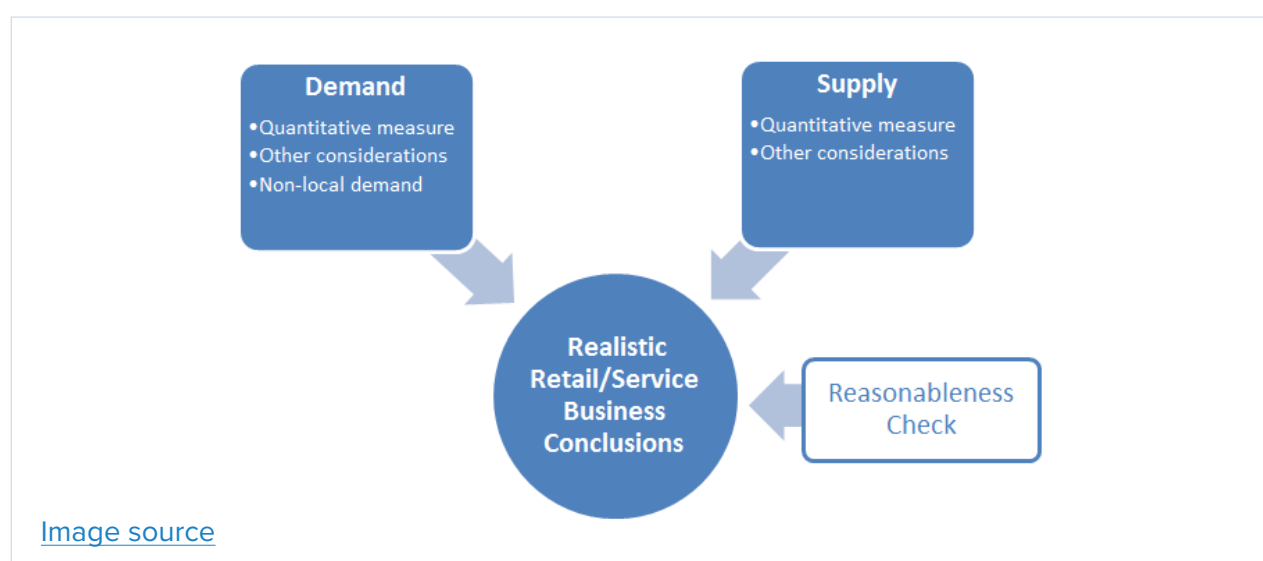
On the other hand, if you're dropshipping products that are widely available, people have little incentive to buy from your store. This is especially true if customers can get something from a nearby store. This is the idea of scarcity in action, and it's important for driving sales.

For example, if a customer needs products like paper towels or hand soap, they'll likely head down to their local big box store. But if they're looking for a good deal on, say, a high-capacity SD card or a custom phone case, they'll probably look online instead. This basically boils down to convenience; if it's more convenient for customers to order online, they will.

When you sell products online, offering items like USB chargers or cutlery isn't always profitable. These are items you can easily obtain at most brick-and-mortar stores, so it's more convenient to purchase them in real life instead of online. This doesn't mean you can't sell *any* items that are easily available, but you definitely shouldn't rely only on such products.

Product demand

If a product doesn't have sufficient demand, it might be a dud. Demand is a [basic rule of economics](#), but it's even more important when it comes to dropshipping products. Basically, demand is even more important for dropshipping than it is for other forms of online retail.



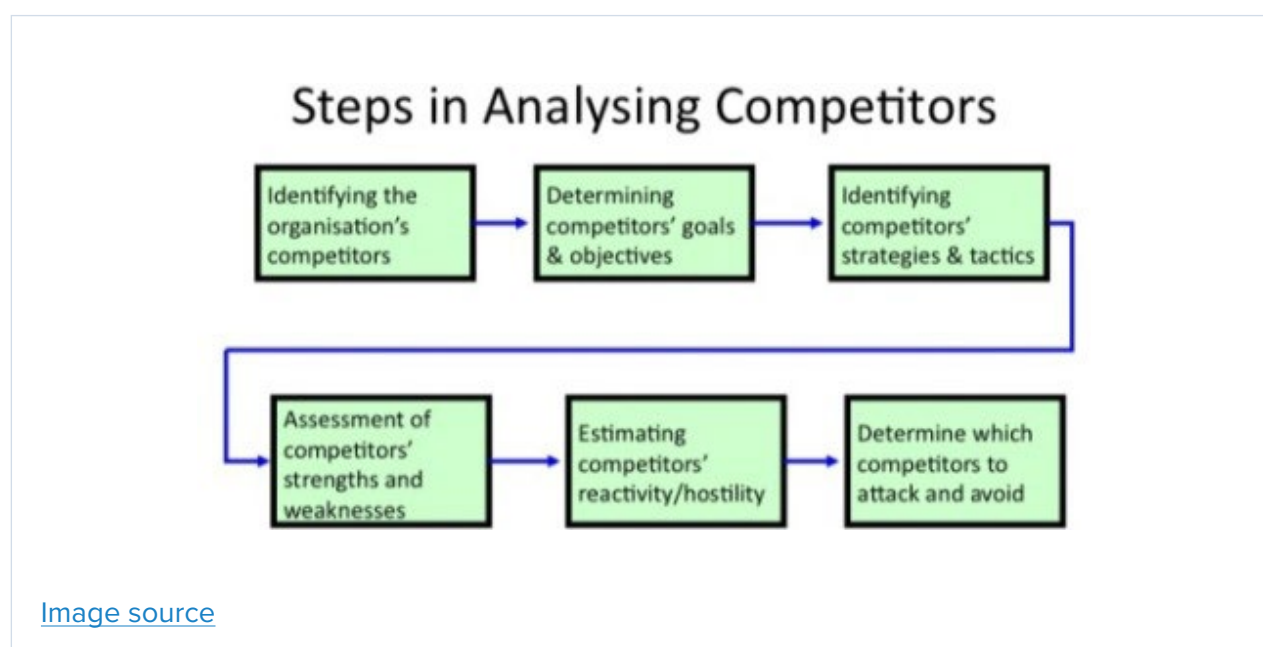
In a niche market, there's more room to work with dropshipping products that have less demand. Think about action figures of characters from movies. That's an incredibly niche market, and in the large scheme of things there's a low level of demand, but the prices offset that low demand. If you're a hobbyist or collector who's not too interested in dropshipping, this isn't a problem.

However, if you want a sustainable business, the best dropshipping products are those that are in moderately high to very high demand. Selling action figures isn't going to pay the bills consistently, even though it may pay well. You want items that have steady levels of demand.

Later on in this chapter, I'll show you how to gauge demand by using various online tools and resources. When it's time to seek out products for your store, you'll have to know these crucial skills.

Competition

If you want to sell products online, you need to stand out from the other stores that are just like yours. You have to study your competitors and discover where their weaknesses lie. The goal is to essentially one-up them by doing things that they're not doing. Researching your competition is a huge part of understanding how your niche's product landscape looks and how you can break in.



When I say study, I mean it. I'm talking deep analysis of what your competitors sell, how they market themselves, what their websites look like, and so much more. Like marketing and product research, competitor analysis is ongoing. As your rivals change their strategies and offer different dropshipping products, you'll want to keep an eye out because these actions could signify changes in trends.

All of this makes up the basics of selling products online. I'm going to get even more in depth in this chapter because dropshipping requires you to approach selling in a very targeted manner.

Finding high-demand products

As I mentioned earlier, demand is central to building a great dropshipping business. In fact, demand is a big reason why dropshipping can be so lucrative.

Selling low-demand products is a dead end, so you want to ensure that you find products that have a significant level of demand. But how do you do this?

You can evaluate demand by using online tools and by researching retailers within your niche. Both of these methods are invaluable for scouting the best dropshipping products for your site, and you'll always be able to use these techniques once you get them down.

First, let's go over some of the best online tools for product selection.

Google Keyword Planner

When it comes to finding the best dropshipping products for your niche, conducting keyword research is an [excellent method](#). Keywords will reveal which products are being searched for. While you can't always tell if these products are selling, typically a high search volume means a product is performing well.

Now you might not know anything about keyword research. That's okay! You don't need any prior knowledge to start searching like a pro. It's all in the tools you use, and the ones I've gathered here are some of the best.

I'll start with [Google Keyword Planner](#).



There's a reason Keyword Planner is one of the most used keyword tools in the world. It's perhaps the most accessible keyword resource on the internet (and it's Google). It's also free, although you have to have an active ad campaign to use the planner.

The downsides? The data is fairly general and not too comprehensive. You'll want to supplement the results you get with results from other tools (which is why I'm talking about multiple tools here). That said, Keyword Planner is an excellent start, and it's definitely a tool you should use regularly.

First, head to <https://adwords.google.com> and make sure you're logged into the right account.

Next, make sure you have an active ad campaign. You'll be able to see this in your AdWords dashboard. A campaign (or multiple campaigns) should appear in this section of the page:

Ad groups

Settings Ads Ad extensions Keywords Dimensions

All but removed ad groups Segment Filter Columns Find ad groups View Change History

Clicks VS None Daily

1

Saturday, January 27, 2018 Friday, February 2, 2018

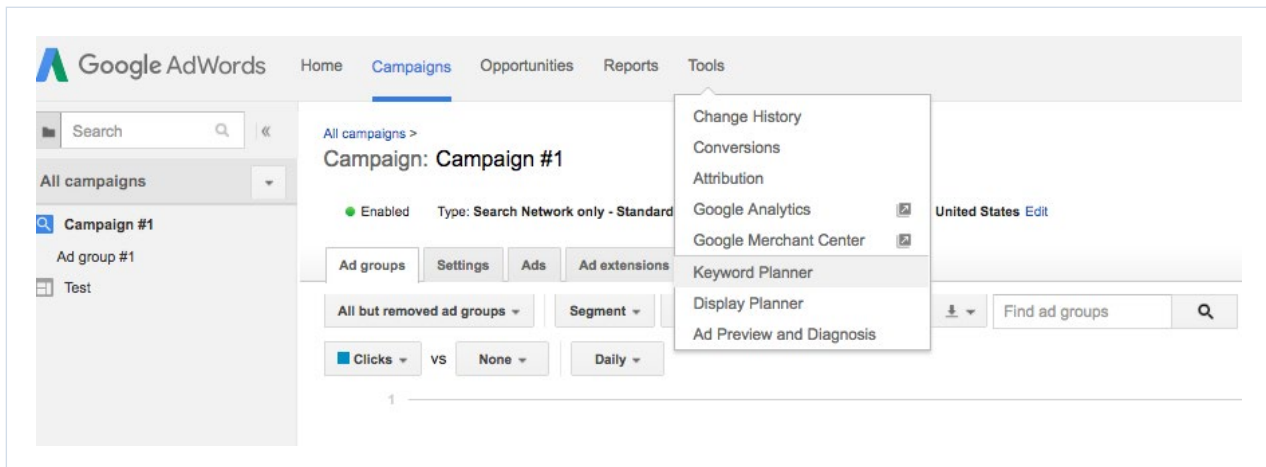
+ AD GROUP Edit Details Bid strategy Automate Labels

	Ad group	Status	Clicks	Impr.	CTR	Avg. CPC	Cost	Avg. Pos.	Conversions	Cost / conv.	Conv. rate	All conv.	View-through conv.
☐	Ad group #1	Eligible	0	0	0.00%	\$0.00	\$0.00	0.0	0.00	\$0.00	0.00%	0.00	0
	Total - all but removed ad groups		0	0	0.00%	\$0.00	\$0.00	0.0	0.00	\$0.00	0.00%	0.00	0
	Total - all ad groups		0	0	0.00%	\$0.00	\$0.00	0.0	0.00	\$0.00	0.00%	0.00	0

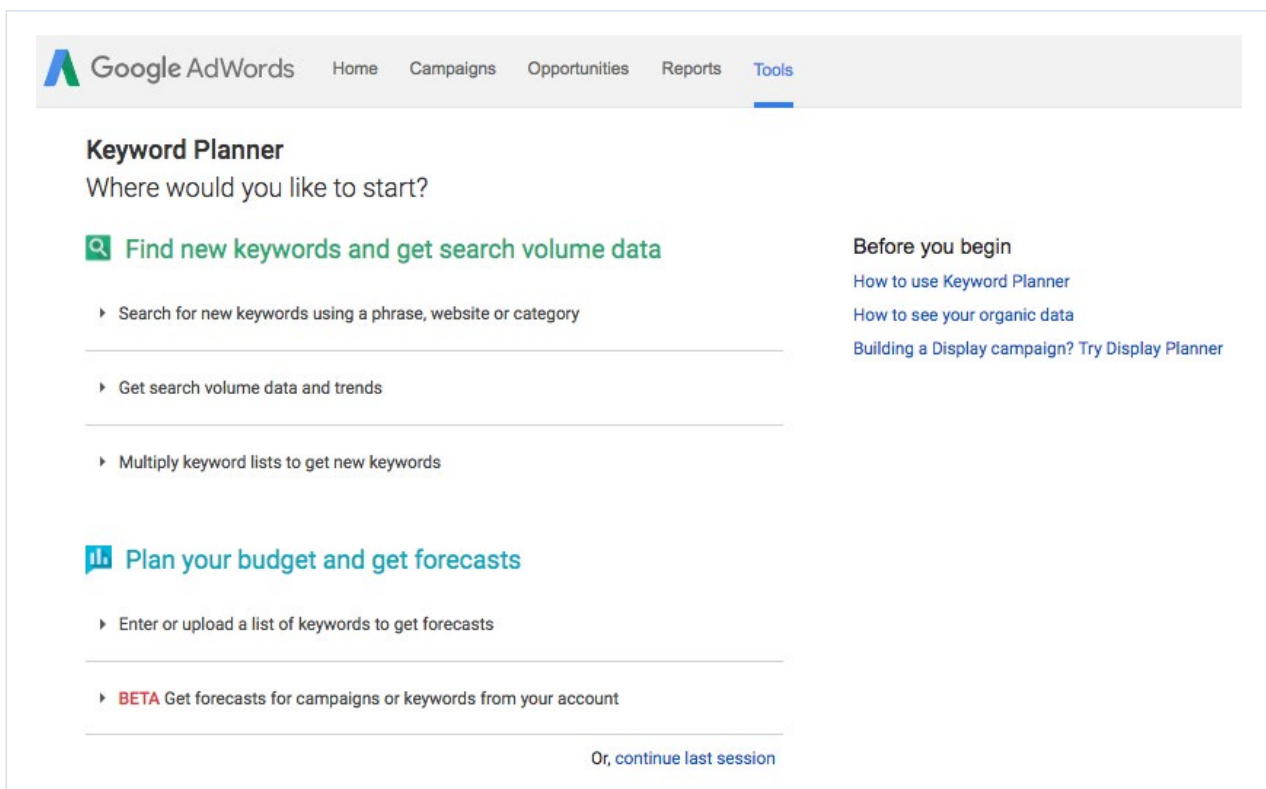
Show rows: 50 1 - 1 of 1

If you don't see any campaigns listed here, you'll need to create one by hitting the '+ AD GROUP' button and filling out the next few pages.

Once you have a campaign set up, head to the menu at the top of the screen. Click on 'Tools' and then 'Keyword Planner'.



You should see this screen:

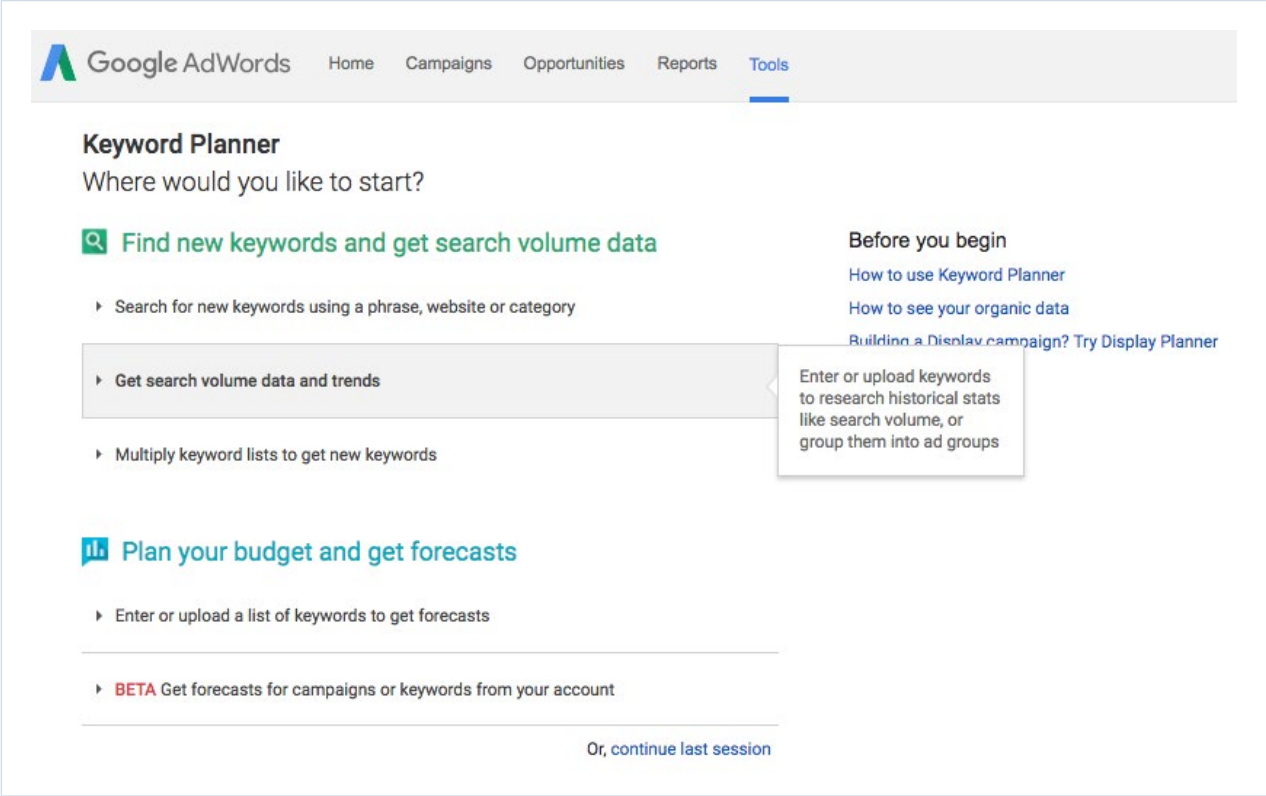


This is the starting screen of the actual Keyword Planner. Get familiar with it, because you'll be using it a ton. You'll see there are several options here, and over time you might end up using them all. For now, though, I'm going to simplify the process so you can get started right away.

There are two ways to proceed: the simple way and the in-depth way. I recommend the in-depth way, but if you're only after an overview to get you started, you can use the simple way.

The simple way to research keywords

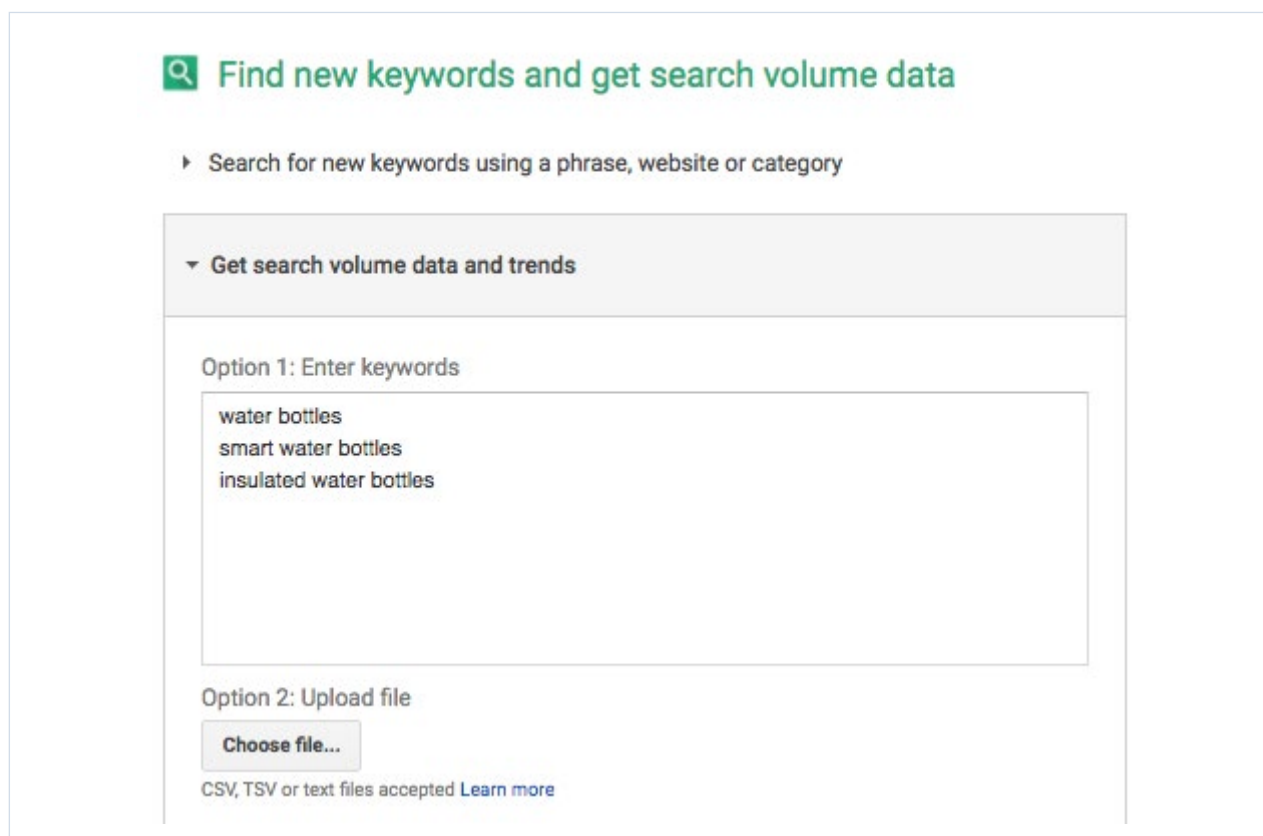
If you want to take a quick look at search volume, or how much certain terms are being searched, click on 'Get search volume data and trends'.



The screenshot shows the Google AdWords Keyword Planner interface. At the top, there's a navigation bar with links: Home, Campaigns, Opportunities, Reports, and Tools (which is highlighted). Below the navigation bar, the main heading is "Keyword Planner" followed by the question "Where would you like to start?". There are two main sections: "Find new keywords and get search volume data" and "Plan your budget and get forecasts". Under the first section, there are three options: "Search for new keywords using a phrase, website or category", "Get search volume data and trends" (which is highlighted with a grey background), and "Multiply keyword lists to get new keywords". A tooltip box is visible over the highlighted option, containing the text: "Enter or upload keywords to research historical stats like search volume, or group them into ad groups". To the right of the main options, there's a "Before you begin" section with links: "How to use Keyword Planner", "How to see your organic data", and "Building a Display campaign? Try Display Planner". Under the second section, "Plan your budget and get forecasts", there are two options: "Enter or upload a list of keywords to get forecasts" and "BETA Get forecasts for campaigns or keywords from your account". At the bottom right, there's a link that says "Or, continue last session".

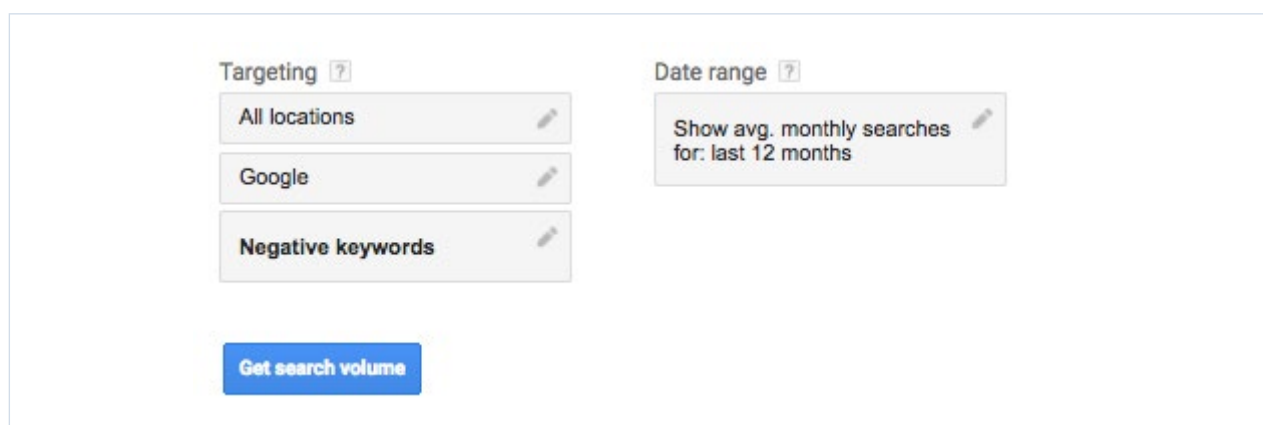
Next, enter the search terms you want to look up. If you have a lot of keywords, you can upload a CSV, TSV, or text file, and the keyword tool will do all of the heavy lifting for you.

Next, enter the search terms you want to look up. If you have a lot of keywords, you can upload a CSV, TSV, or text file, and the keyword tool will do all of the heavy lifting for you.



The screenshot shows the Google Keyword Planner interface. At the top, there's a green magnifying glass icon followed by the text "Find new keywords and get search volume data". Below this, there's a dropdown menu with the option "Search for new keywords using a phrase, website or category". Underneath, there's a section titled "Get search volume data and trends" with a dropdown arrow. This section contains two options: "Option 1: Enter keywords" and "Option 2: Upload file". Under "Option 1", there's a text box containing the keywords "water bottles", "smart water bottles", and "insulated water bottles". Under "Option 2", there's a "Choose file..." button and a note that "CSV, TSV or text files accepted" with a "Learn more" link.

You can also target certain locations, choose to include Google's search partners, and specify a date range. (As for that last option called 'Negative keywords', I'll look at that later on in this chapter.)



The screenshot shows the "Targeting" and "Date range" sections of the Google Keyword Planner interface. The "Targeting" section has three dropdown menus: "All locations", "Google", and "Negative keywords". The "Date range" section has a dropdown menu showing "Show avg. monthly searches for: last 12 months". At the bottom, there's a blue button labeled "Get search volume".

When you're finished modifying the settings, hit 'Get search volume'.

Here's our example result:

The screenshot shows the Google AdWords Keyword Planner interface. The 'Find keywords' tab is active. The search input contains 'water bottles, smart water bottles, insulated water bottles'. The results show an average monthly search volume of 100K - 1M. The table below lists the keywords and their search volume ranges.

Keyword (by relevance)	Avg. monthly searches	Competition	Suggested bid	Ad impr. share	Add to plan
water bottle	100K - 1M	High	\$1.28	-	»
insulated water bottle	10K - 100K	High	\$1.26	-	»
smart water bottle	10K - 100K	High	\$1.38	-	»

This can look complex if you're not used to it, so here's how you should read this page.

Let's focus just on the chart at the bottom.

Ad group ideas

Keyword ideas

Columns

 Download

Add all (3)

Keyword (by relevance)	Avg. monthly searches	Competition	Suggested bid	Ad impr. share	Add to plan
water bottle	100K – 1M	High	\$1.28	–	»
insulated water bottle	10K – 100K	High	\$1.26	–	»
smart water bottle	10K – 100K	High	\$1.38	–	»

Show rows:

30

1 - 3 of 3 keywords

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The keywords you searched are on the far left side under the category 'Keyword (by relevance)'.

The *Avg. monthly searches* displays the monthly search volume for that keyword. To the right, the *Competition* category gives you an idea of how competitive each keyword is. These two categories work in tandem to provide you with a big picture view of every keyword.

In this example, 'water bottle' has a monthly search volume of 100,000 to 1,000,000, while both 'insulated water bottle' and 'smart water bottle' are in the 10,000 to 100,000 range.

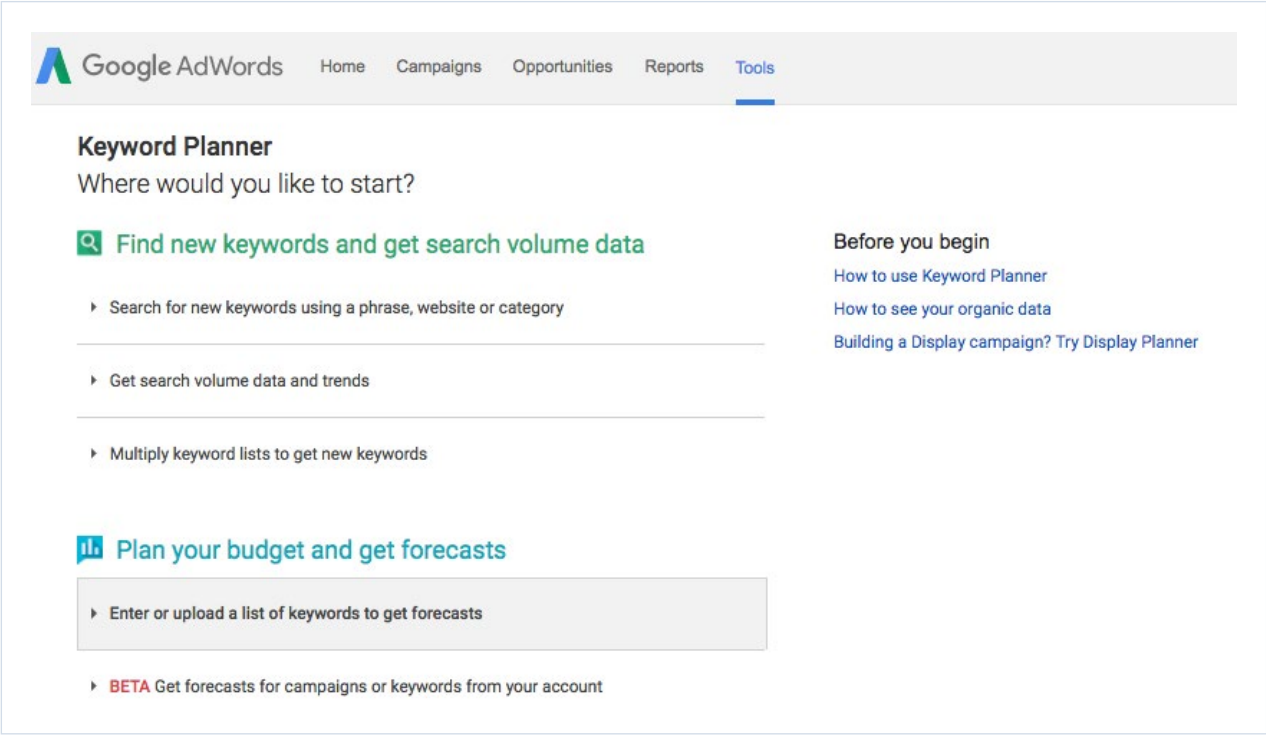
Now, these are huge ranges, which can present a problem when you're trying to figure out which dropshipping products are being searched. There's a big difference between a product that gets 10,000 searches a month and another product that gets *ten times* that.

That's why this is the simple way. This can give you a rough idea of how popular certain dropshipping products are, but to get the most specific information, you'll want to use the in-depth way of looking at keywords using Google's tool.

The in-depth way to research keywords

The in-depth method starts off the same way as the simple method. Head to your AdWords home page. Click on Tools and then Keyword Planner.

Next, choose 'Enter or upload a list of keywords to get forecasts'.



The screenshot shows the Google AdWords interface with the 'Tools' tab selected. The 'Keyword Planner' section is active, displaying the question 'Where would you like to start?'. There are two main sections: 'Find new keywords and get search volume data' and 'Plan your budget and get forecasts'. The first section has three options: 'Search for new keywords using a phrase, website or category', 'Get search volume data and trends', and 'Multiply keyword lists to get new keywords'. The second section has two options: 'Enter or upload a list of keywords to get forecasts' (highlighted with a grey background) and 'BETA Get forecasts for campaigns or keywords from your account'. On the right, there is a 'Before you begin' section with links to 'How to use Keyword Planner', 'How to see your organic data', and 'Building a Display campaign? Try Display Planner'.

Google AdWords Home Campaigns Opportunities Reports Tools

Keyword Planner

Where would you like to start?

Find new keywords and get search volume data

- Search for new keywords using a phrase, website or category
- Get search volume data and trends
- Multiply keyword lists to get new keywords

Plan your budget and get forecasts

- Enter or upload a list of keywords to get forecasts
- BETA** Get forecasts for campaigns or keywords from your account

Before you begin

- [How to use Keyword Planner](#)
- [How to see your organic data](#)
- [Building a Display campaign? Try Display Planner](#)

This next step is almost identical to the simple way: enter your keywords and modify the fields as you want to. You can also choose languages here if you need to.

When you're done, click 'Get forecasts'.

For this method, you'll need to enter a bid. If you already used the simple way, you can use one of the suggested bids here.

The screenshot shows the Google AdWords Keyword Planner interface. The top navigation bar includes 'Home', 'Campaigns', 'Opportunities', 'Reports', and 'Tools' (which is highlighted). Below this, the 'Keyword Planner' section has two tabs: 'Find keywords' and 'Review plan' (which is active). On the left, there's a sidebar with 'New keywords', 'Performance forecasts' (selected), and 'Keywords from account'. The main area is titled 'Performance forecasts' and includes input fields for 'Enter a bid' (set to '\$ 1.30') and 'Enter daily budget' (set to '\$ Optional'). Below these are filters for 'All locations', 'All languages', 'Google', and 'Negative keywords'. A row of tabs for 'Ad Group', 'Keyword', 'Device', and 'Location: Country' is visible. At the bottom, there's a 'Monthly forecasts' section with a 'Quality' indicator showing three bars of increasing height.

Next, click the Keyword tab located right above the graph.

This screenshot shows the 'Keyword' tab selected in the 'Monthly forecasts' section. Above the metrics is a row of tabs: 'Ad Group', 'Keyword' (selected), 'Device', and 'Location: Country'. The 'Monthly forecasts' section shows a 'Quality' indicator with three bars. Below this, a table displays performance metrics:

Clicks	Impressions	Cost	All conv.
66.1K – 80.8K	1.11M – 1.35M	\$46K – \$56.2K	–

Scroll down, and you'll see a chart that looks like this:

Add keywords

Edit ▾

Match types ▾

 Download

☐	Keyword	Ad Group	Max. CPC	Clicks	Impr.	Cost	CTR	Avg. CPC	Avg. Pos.
☐	insulated water bottle	water bottle	\$1.30	2,199.94	45,468.35	\$1,687.85	4.8%	\$0.90	2.28
☐	smart water bottle	water bottle	\$1.30	2,699.48	44,324.64	\$1,805.02	6.1%	\$0.79	2.41
☐	water bottle	water bottle	\$1.30	68,592.99	1,138,513.63	\$47,587.87	6.0%	\$0.82	1.90
Total				73,492.41	1,228,306.63	\$51,080.74	6.0%	\$0.82	1.93

Show rows:

30 ▾

1 - 3 of 3 keywords

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Here you'll see much more detailed information about the search terms.

You can see how many clicks the terms are receiving, their click-through rates (CTRs), average cost-per-click (CPC), and more.

This is invaluable information that gives you more precise insight into the keywords you're researching. You can also adjust all of the parameters, including bid amount, date range, and locations.

I know this seems like a lot, but the whole procedure is a lot faster than you might think. In time, you'll be able to crush tons of keyword searches in just a few minutes. This is a great method of getting detailed keyword results without having to study SEO for months.

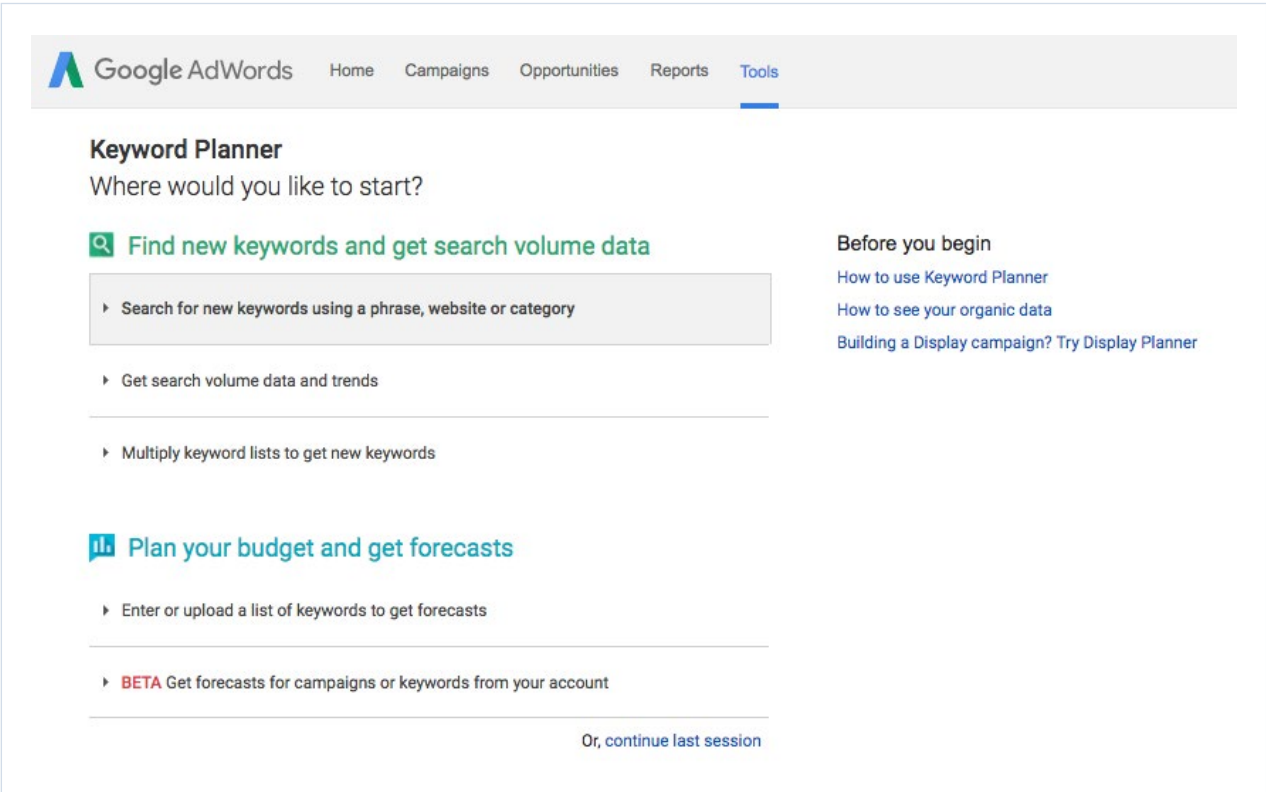
Get long-tail keyword ideas

Another handy use of Keyword Planner is [generating long-tail keywords](#). Long-tail keywords are super-specific variations on keywords that usually make up most of a site's search volume.

For example, if 'water bottle' is your focus keyword, some long-tails might be 'best water bottle for camping' and 'reusable water bottles'. They're closely related to (and often include) the focus keyword. Most people will be using long-tails to search.

Finding long-tails will help you find other potential dropshipping products that could be smash hits for your store. Here's how to do it using Keyword Planner.

In AdWords, navigate to *Tools > Keyword Planner*. Select 'Search for new keywords using a phrase, website or category'.



The screenshot shows the Google AdWords Keyword Planner interface. At the top is a navigation bar with links: Home, Campaigns, Opportunities, Reports, and Tools (which is highlighted). Below the navigation bar, the heading 'Keyword Planner' is followed by the question 'Where would you like to start?'. There are two main sections: 'Find new keywords and get search volume data' and 'Plan your budget and get forecasts'. The first section has three options: 'Search for new keywords using a phrase, website or category' (highlighted), 'Get search volume data and trends', and 'Multiply keyword lists to get new keywords'. The second section has two options: 'Enter or upload a list of keywords to get forecasts' and 'BETA Get forecasts for campaigns or keywords from your account'. To the right of these sections is a 'Before you begin' sidebar with links: 'How to use Keyword Planner', 'How to see your organic data', and 'Building a Display campaign? Try Display Planner'. At the bottom center, there is a link that says 'Or, continue last session'.

Google AdWords Home Campaigns Opportunities Reports Tools

Keyword Planner

Where would you like to start?

Find new keywords and get search volume data

- Search for new keywords using a phrase, website or category
- Get search volume data and trends
- Multiply keyword lists to get new keywords

Plan your budget and get forecasts

- Enter or upload a list of keywords to get forecasts
- BETA** Get forecasts for campaigns or keywords from your account

Before you begin

- [How to use Keyword Planner](#)
- [How to see your organic data](#)
- [Building a Display campaign? Try Display Planner](#)

Or, [continue last session](#)

On the next page, enter a focus keyword in the box that says ‘Your product or service’. Fill out the rest of the forms as well.

The screenshot shows the Google AdWords Keyword Planner interface. At the top is the Google AdWords navigation bar with links for Home, Campaigns, Opportunities, Reports, and Tools. The main heading is 'Keyword Planner' with the subtext 'Where would you like to start?'. Below this is a green icon and the text 'Find new keywords and get search volume data'. A dropdown menu is set to 'Search for new keywords using a phrase, website or category'. The form contains several input fields: 'Your product or service' (with 'water bottle' entered), 'Your landing page' (with 'example.com/page' entered), and 'Your product category' (with 'Food & Groceries' entered). There are also sections for 'Targeting' (All locations, All languages, Google, Negative keywords) and 'Date range' (Show avg. monthly searches for: last 12 months). On the right side, there is a 'Customize your search' section with 'Keyword filters', 'Keyword options' (Show broadly related ideas, Hide keywords in my account, Hide keywords in my plan), and 'Keywords to include'. A 'Get Ideas' button is at the bottom left. On the right side of the page, there is a 'Before you begin' section with links: 'How to use Keyword Planner', 'How to see your organic data', and 'Building a Display campaign? Try Display Planner'.

Pay special attention to the ‘Customize your search’ section in the lower right hand corner. You can get super precise with your search here.

When you’re finished filling everything out, click ‘Get ideas’.

This is a close-up of the 'Customize your search' section from the Keyword Planner interface. It includes three expandable panels: 'Keyword filters', 'Keyword options' (containing 'Show broadly related ideas', 'Hide keywords in my account', and 'Hide keywords in my plan'), and 'Keywords to include'. Each panel has a pencil icon for editing.

Scroll down a little bit on the next page, and you'll see a chart that looks like this:

Keyword (by relevance)	Avg. monthly searches [?]	Competition [?]	Suggested bid [?]	Ad impr. share [?]	Add to plan
glass water bottle	10K – 100K	High	\$0.87	–	
large water bottle	1K – 10K	High	\$0.76	–	
big water bottles	1K – 10K	High	\$0.65	–	
water bottle brands	10K – 100K	High	\$2.62	–	
small water bottles	1K – 10K	High	\$0.61	–	
cool water bottles	10K – 100K	High	\$1.37	–	
water bottle online	1K – 10K	High	\$0.11	–	
1 litre water bottle	1K – 10K	High	\$0.66	–	
water jug	10K – 100K	High	\$0.94	–	
drinking water bottle	1K – 10K	High	\$0.70	–	

These are all keywords that Google found based on the focus keyword you entered. You can see the average monthly search volume, competition level, and suggested bid.

Even better, you can take these keywords and run them through the in-depth method mentioned above. This will let you analyze just how popular various products are.

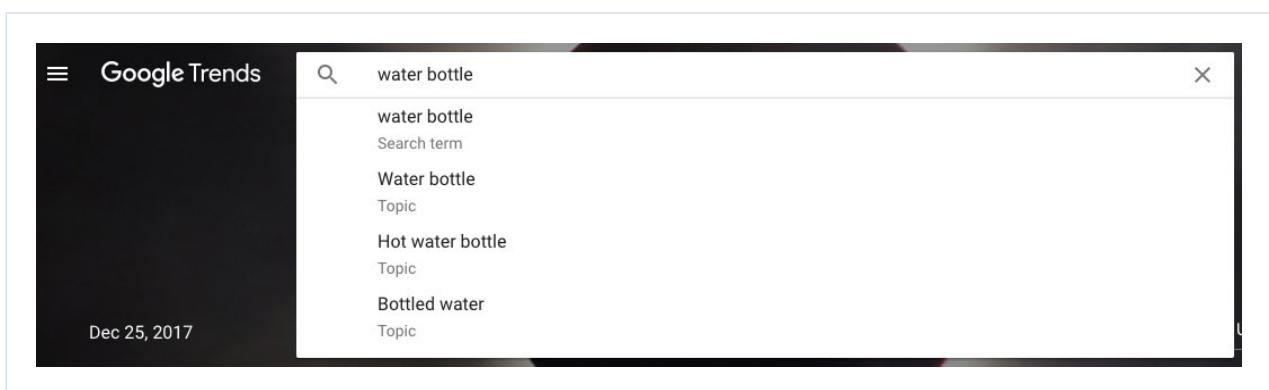
One last tip: If you set up a dummy campaign to use Keyword Planner, make sure you go back in and remove it.

All in all, Google Keyword Planner is a fairly formidable tool for finding potential dropshipping products if you use it the right way. It arms you with some basic figures that you can use to start understanding which products are successful and which ones are dwindling in popularity.

Google Trends

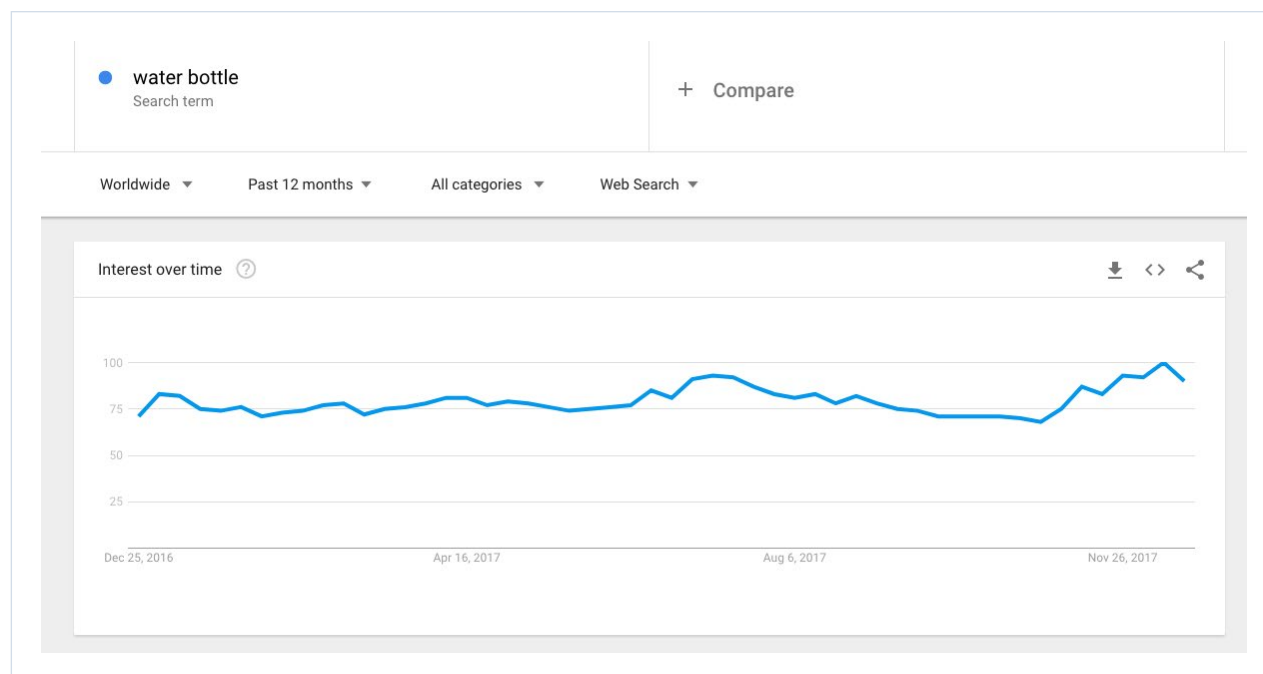
Trends is another free Google tool that can be very helpful for selecting products. It especially comes in handy for taking the product ideas you've found through Keyword Planner and more thoroughly analyzing them.

Head over to <https://trends.google.com> and enter a search term in the box. When you search, you'll see a few options in a dropdown menu. Start by choosing 'search term'.



The next page will give you results based on your search term. There's a lot to take in here, so let's go over the most useful elements.

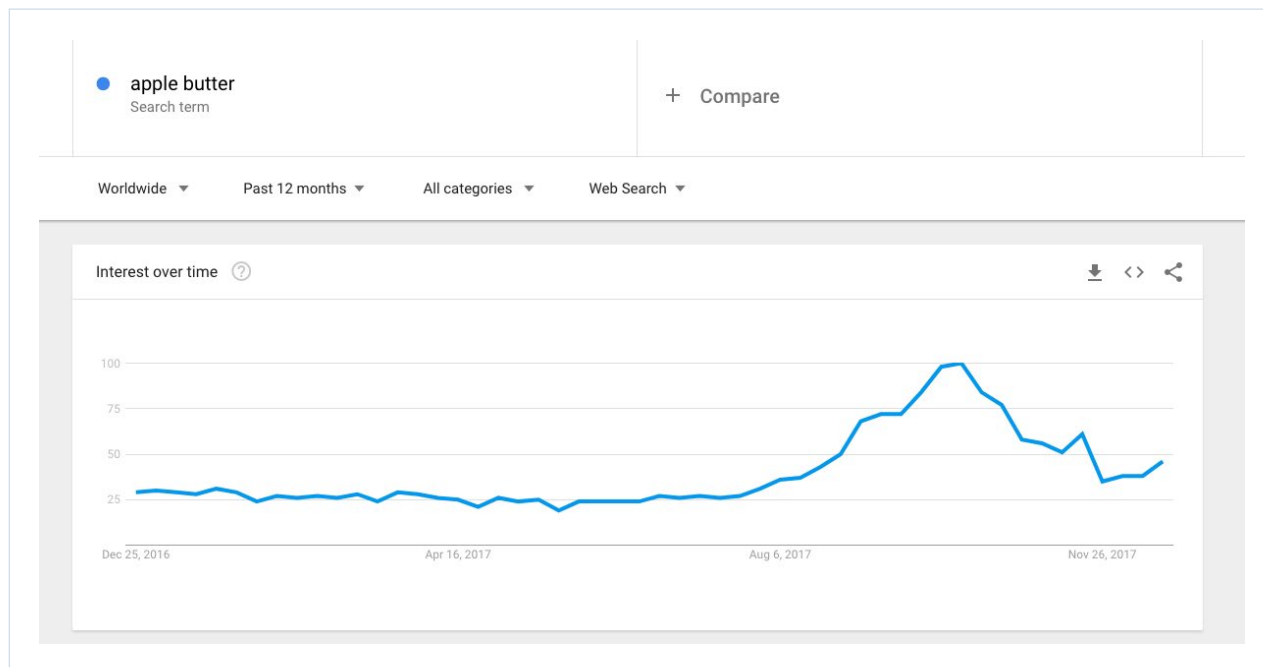
First, you'll see a graph called *Interest over time*.



This is a super-useful visual of search volume over a time period that you can specify. You can also change the location, date range, category, and search type.

This graph can help you understand if your products are seasonal or not. Many products spike in popularity during a certain time of year, and if any products you're considering do so, you'll want to know in advance.

Check out the bump in this graph:

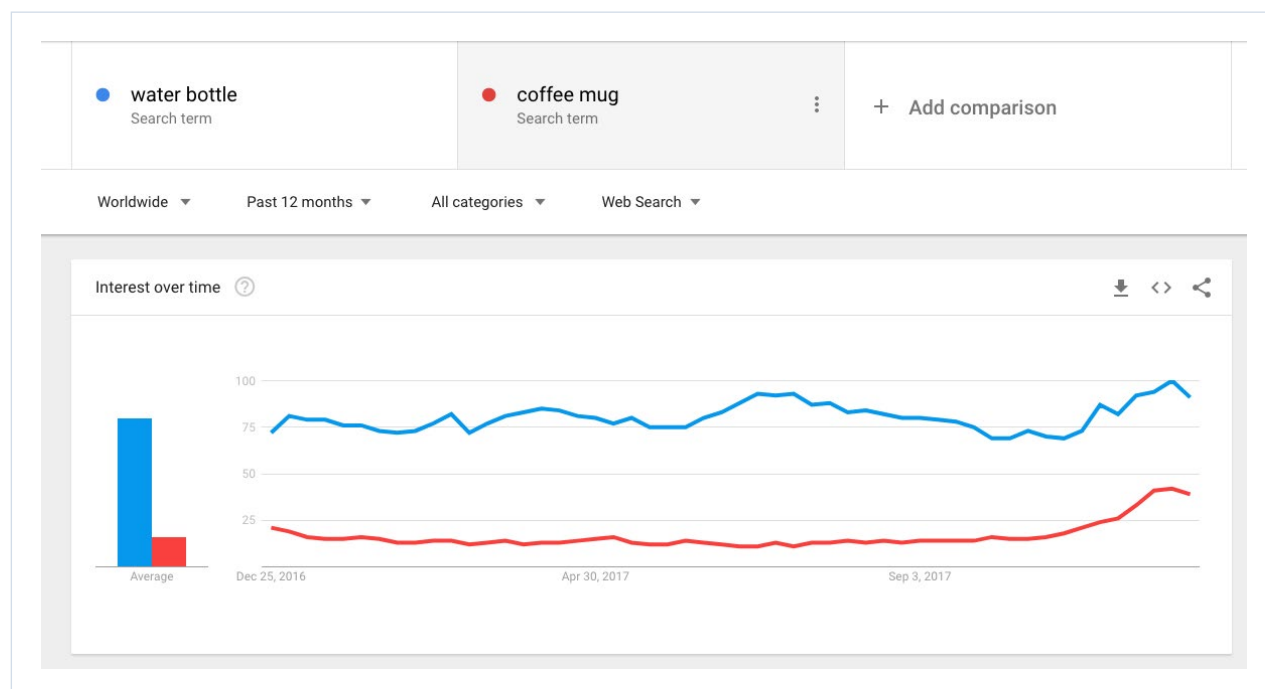


This means that most people buy apple butter during September and October. During the rest of the year, apple butter purchases stay at a steady rate. This is definitely a seasonal product.

Next on this page, you can see *Interest by region*. This is helpful for understanding where you might be getting the bulk of your orders from, and this can even give you a clue how often you'll have to use international shipping.

At the bottom of the page, you'll see two sections called *Related topics* and *related queries*. Here you can get even more ideas for dropshipping products! These sections basically give you long-tail topics and search terms that you can look into. (They're also useful for SEO and marketing.)

Finally, don't overlook the Compare feature all the way at the top. It lets you compare two or more search terms. It's extremely convenient for deep analysis.



Overall, Trends gives you a different perspective. While its comparative features are noteworthy, there's a lot to love about this free tool.

SEMrush

Want even more data? Comfortable with upping your SEO game? Then have a look at SEMrush. It's a much more comprehensive keyword tool that almost every professional SEO has used at one point or another. It can give you incredibly specific information about keywords, so you can grab keywords from Keyword Planner and enter them into SEMrush to get all the details. It's nothing short of an SEO powerhouse.

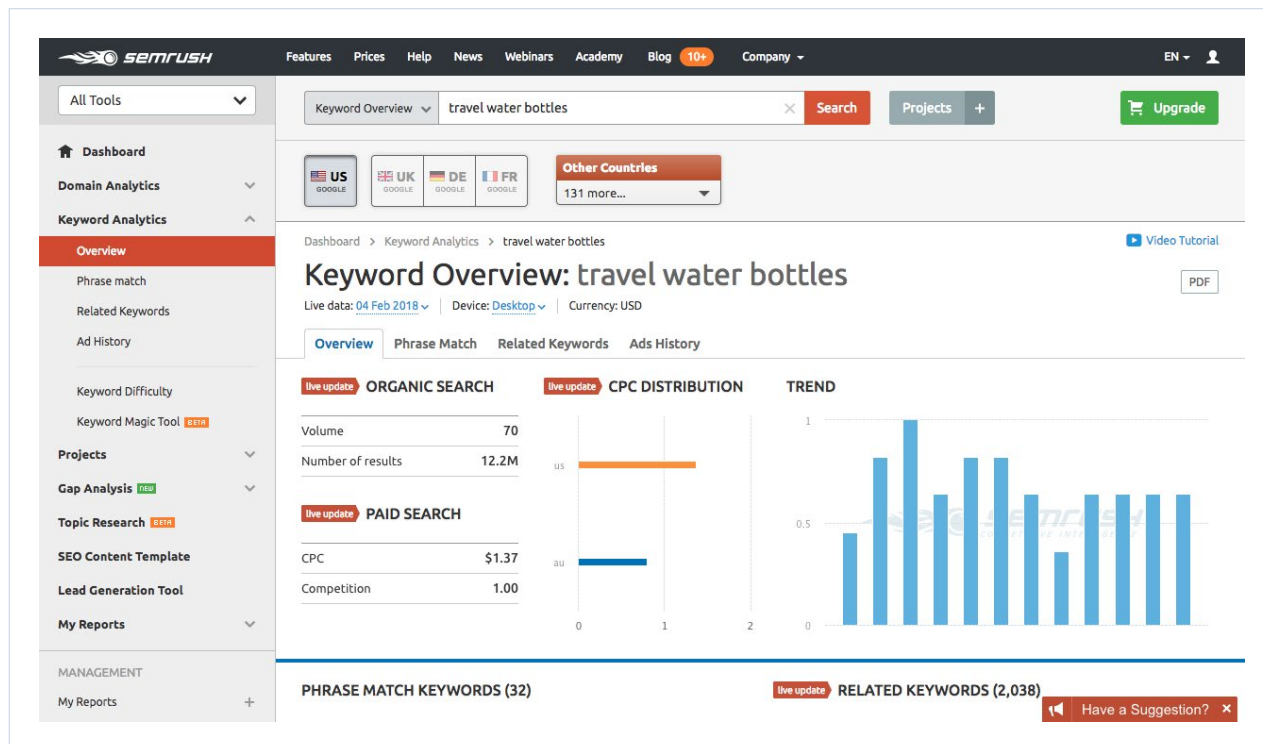
The only caveat: You can only conduct 10 searches per day. You also only get 10 results for each category. This can be limiting if you want a super-thorough analysis.

I still recommend SEMrush for its sheer power and usefulness. A paid plan will help you get the most out of the software, but realistically, the free plan will work for more dropshippers just starting out. Unless you have extra money burning a hole in your pocket, go with the free plan to start with.

Head to [SEMrush.com](https://www.semrush.com) and enter a keyword into the main search bar in the middle of the page and click 'Start Now'.



You'll see an analytics page that looks like this:



Here you can see four important headings: Organic Search, Paid Search, CPC Distribution, and Trend.

Organic Search will show you the search volume (i.e., the average monthly searches for that keyword) for search that happens organically. This means that the company didn't spend money to bring in those searches. This category is key because it will reflect how many people are naturally using the keyword without the influence of any ads or campaigns.

Paid Search is also important since it will give you the average CPC (cost per click) for the keyword. This amount represents how much you'll pay on average for someone to click on your ad. This isn't an exact number, but it will give you a sense of how much you're looking at spending.

Wondering what CPC Distribution is? [SEMrush says it](#) ‘represents how that expensive it is to bid on that particular keyword across our different databases’. Clicking on a bar will give you more data.

Finally, the Trend section represents the level of competition for that keyword. A score of 1 is the highest level of competition, while 0 means it has virtually no competition. Note that the Trend section only analyzes *paid* search, although SEMrush says it can reflect organic search as well.

Scroll down on this page, and you’ll see another section with two sections labeled Phrase Match Keywords and Related Keywords.

PHRASE MATCH KEYWORDS (32)				live update	RELATED KEYWORDS (2,038)			
Keyword	Volume	CPC (USD)	SERP		Keyword	Volume	CPC (USD)	SERP
filter water bottle for travel	480	2.35			travel water bottle	390	1.38	
travel water bottle	390	1.38			best water bottle for flying	30	0.34	
dog travel water bottle	210	0.71			best water bottles for travel	90	1.10	
best travel water bottle	170	0.57			best travel water bottle	170	0.57	
water bottle with filter for travel	90	2.56			best water bottle for travel	50	0.77	
Export	View full report				Export	View full report		

The Phrase Match Keywords include your target keyword in them. As you can see, the example target keyword I initially entered was ‘travel water bottles’, and the Phrase Match Keywords include ‘best travel water bottle’ and ‘filter water bottle for travel’.

The Related Keywords section shows you keywords that are similar to your target keyword but do not necessarily include it. Some of these may be close, like ‘best water bottles for travel’.

Both of these sections are great for generating long-tail keyword ideas, and you can see the volume and CPC as well. As a nice bonus, if you click on the little blue icons under the SERP heading, you'll open up a Google search for that keyword. This gives you a nice visual of what the search page looks like for a given keyword.

Scroll some more, and you'll see another really helpful section titled Organic Search Results.

live update

ORGANIC SEARCH RESULTS

1-20	21-40	41-60	61-80	81-100
------	-------	-------	-------	--------

- <https://www.tripsavvy.com/the-best-travel-water-bottles-4072047>
tripsavvy.com
- <https://www.smartertravel.com/2016/06/29/7-great-water-bottles-travel/>
smartertravel.com

<https://www.smartertravel.com/2016/06/29/7-great-water-bottles-travel/>
- <http://trevormorrowtravel.com/8-best-water-bottles-traveling/>
trevormorrowtravel.com
- <https://blog.tortugabackpacks.com/best-water-bottles/>
tortugabackpacks.com
- <https://www.forbes.com/sites/allisonolms/2016/02/25/best-water-bottle-for-air-travel/>
forbes.com
- <https://www.amazon.com/Best-Sellers-Home-Kitchen-Water-Bottles/zgbs/home-garden/3395091>
amazon.com
- <https://theworldpursuit.com/best-travel-water-bottle/>
theworldpursuit.com

This is really useful because it shows you the top 100 organic results for that keyword. As I said earlier, organic traffic is essential to look at because it reflects customer interest in a product. This section will filter out all of the paid ad placements you see on Google search pages, so you see only the top organic results.

There's one more part of the SEMrush analytics page that is particularly useful in a dropshipping context. If you look to the right of the Organic Search Results section, you'll see a bunch of data about ads:

live update

ADS COPIES

Ad

www.brita.com

Don't Forget To Purchase Brita® Products At These Retailers.

Ad

www.binzbottle.com

Vacuum insulated, 26 oz, stainless steel. Buy now- Free Shipping and 25% Off.

Ad

www.eddiebauer.com

Use Code BAUER for 40% Off Your Purchase. Free Shipping on All Orders Over \$49.

Ad

www.bampz.com

Stainless Steel Water Bottles Designed For Dogs To Drink Naturally

Export

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PRODUCT ADS COPIES



Samsonite
Collapsible Travel
Water Bottle Clear

\$14.99

Bed Bath & Beyond



Hydaway
Collapsible Bottle,
Size One Size - Blue

\$19.95

Nordstrom

Export

Whereas Organic Search Results focused only on non-paid search, this section looks at paid search.

Ads Copies will show you a few examples of ad copy for some of the top paid search ads. Here you can see four ads taken straight from the Google page, and you can conveniently see what copy they've used.

This is great for getting intel on your competition, and while it's no match for all-out competitive analysis, it's certainly a handy reference point that gives you a quick overview. It can also give you some ideas for some ad copy for your own products!

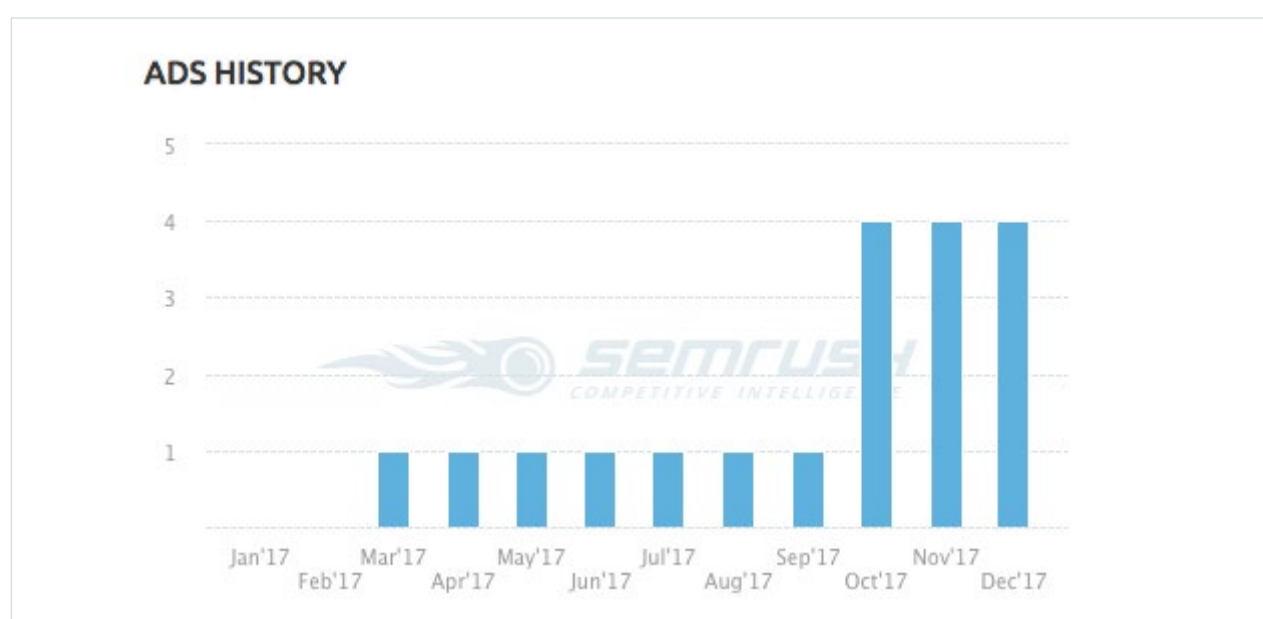
Right below, you can see the Product Ads Copies category that displays pictorial ads for a couple of products. This section looks simple, and it might not seem like you can get a lot from it, but I'll break this down and show you how valuable this can be.

First, you can see the title of the product. At first glance, this seems plain, but look deeper and you'll discover that you can take another peek into your competitors' SEO playbooks. That's because every product title is optimized for SEO, often containing keywords that are performing well in that niche.

In this case, notice how both of these products contain the word 'collapsible'. This suggests that 'collapsible travel water bottle' and other variants are doing well. If you were selling water bottles, you might want to look into offering collapsible bottles on your store and using those keywords. So you not only get a keyword idea but also a product idea, all from a few words.

Second, these ad snippets display the price and the site selling them. This is another miniature form of competitive analysis. You can see who some of your competitors are and how they're pricing their products. Again, this information will only give you a rough guideline, but it's a convenient snapshot that you should look at whenever you're using SEMrush.

The last section on this page is the Ads History category.



This shows how actively websites were bidding on keywords. If you click on a bar, you'll see more information about which sites were bidding and how much they were bidding.

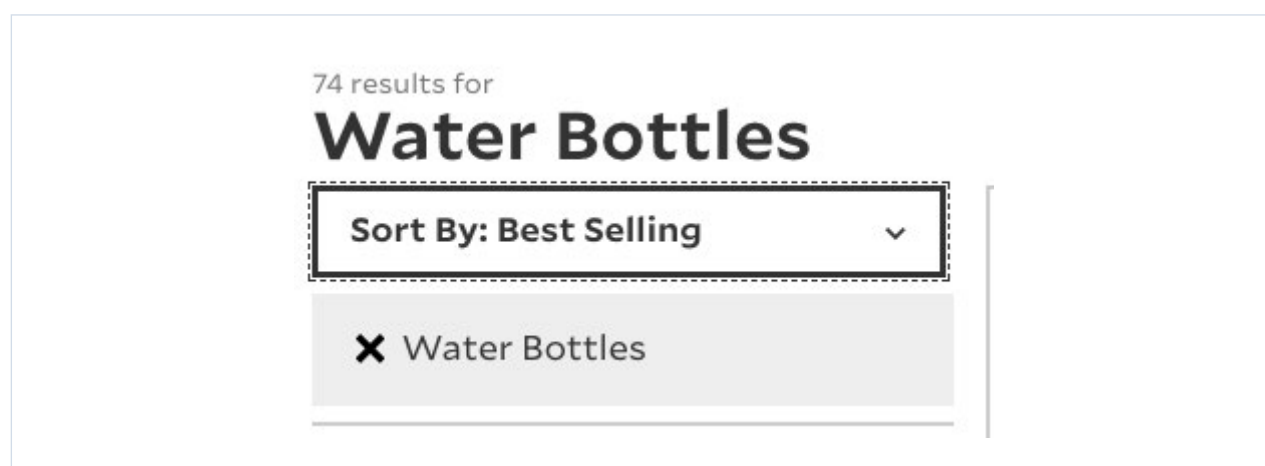
I recommend using the Ads History graph to complement the knowledge you gained from Google Trends. SEMrush uses different databases than Google Trends, and it's always helpful to get data from a wide range of different sources.

Learning to digest the SEMrush results page can be a little intimidating at first, so if you need some help, I suggest consulting [this page from the SEMrush Knowledge Base](#). In addition, there are several Knowledge Base articles available that will familiarize you with the tool in no time.

Competitors' sites

Before you analyze your competitors, you can use their sites to get even more information on product trends. You've probably guessed it by now, but there's a targeted approach to this technique that produces the best results.

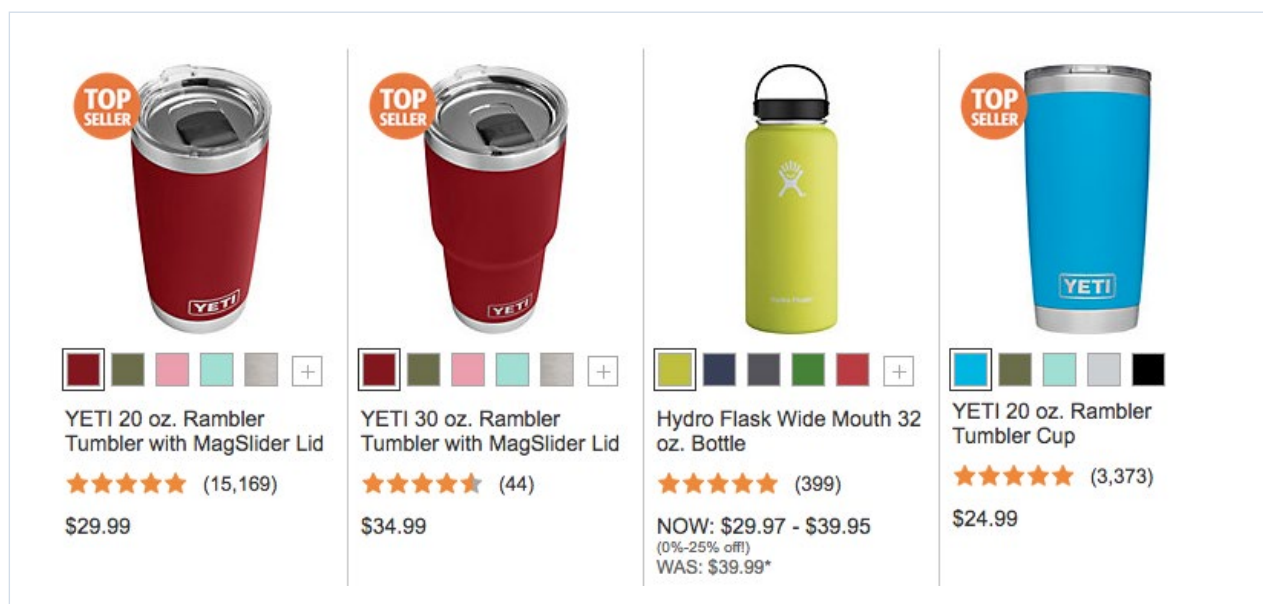
Have your list of potential dropshipping products handy. Visit several (7-10) retailers' sites and take a look at their top products. Usually, there will be a dropdown box on the store page that will allow you to sort products so that best selling items show first.



This will rearrange the product page so that the best selling items are listed first. In other words, the absolute best seller will be the first result and so on.

Keep in mind that sorting this way will show you the best-selling products *of all time*. It won't show you the items that have sold the most over the last month or year. It's not the most helpful way to search for products, but it's still worthwhile.

You might also see some stores highlighting products or marking them as ‘top sellers’.



These are also products to pay attention to and record on a list. This typically means the products are currently trending, and they’ll likely change over time. This is good to remember because if you notice a certain product that stays in a top seller category, it may mean that item sells consistently well.

Gather this data from as many stores as possible, and organize it all on a spreadsheet for easy access. I recommend using separate spreadsheets (or at least separate categories) for all of the keywords and data you get from each online tool. This way, you can continuously compile data from each tool and keep it separate for easy reference.

That’s going to wrap up the keyword research section of this chapter. Now I’ll show you how to analyze your competitors so you know what you’re up against. Fair warning – if you’re not too familiar with SEO, you’ll need to spend a little time learning some basic concepts and terms, but it’s easy for anyone to tackle.

Analyse your competitors

Once you have some dropshipping products selected, you'll need to scope out your competitors. This serves a twofold purpose:

1. It allows you to pinpoint your top competitors, which means you can start thinking about how you can get sales instead of them.
2. It gives you a practical understanding of which products are selling the best.

Getting lots of keywords is great, but sizing up your competition is just as necessary. Since you're brand new to your niche, you'll be learning a lot from your competitors, and you can also analyze and then implement some of their techniques for areas like marketing and SEO.

Thankfully, you can easily conduct competitive analysis using little more than Google. This is because Google's rankings are more or less indicative of how popular different retailers are. The higher up a site is on the [SERPs](#), the more powerful it is, so retailers with high SERP positions are typically leaders in their niches.

Because Google is set up like this, you can get a surface level view of your competition by simply Googling a product name and seeing which retailers come up. This won't give you exact statistics, so you need to use some additional tools to get the real juicy data.

Moz Open Site Explorer

Moz is one of the biggest names in SEO, and its Open Site Explorer tool is one of the best free SEO tools available. Often abbreviated to OSE, this is a link analysis tool that gives you a ton of information about a website. You can see how popular the website is, how much traffic it gets, and how many backlinks it has. (You can even get details on where those backlinks come from!) It's unparalleled for understanding how influential your competitors are.

To take full advantage of all that OSE has to offer, you first have to understand a few terms and concepts. You don't have to be a trained SEO to get a good grasp of this, so don't fret if you don't have much experience.

The main concepts are Domain Authority, Page Authority, and link structure. The best way to show you what all of these are is to see them in action.

First, go to <https://moz.com/researchtools/ose>. Enter a URL into the search bar in the middle of the page and click 'Search'.

You'll see a results page that looks like this:

The screenshot shows the Moz Pro Open Site Explorer interface. The URL entered is <http://www.shopify.com/>. The page displays various metrics under the 'Authority' and 'Page Link Metrics' sections. A sidebar on the left lists navigation options like 'Inbound Links', 'Just-Discovered', 'Top Pages', etc. The main content area shows the following data:

Authority		Page Link Metrics	
DOMAIN AUTHORITY	PAGE AUTHORITY	JUST-DISCOVERED	ESTABLISHED LINKS
92 /100	93 /100	39 60 Days	42,977 Root Domains
SPAM SCORE: 0 /17		1.6m Total Links	

Below this, the 'Inbound Links' section provides a gauge of site influence and a table of linking pages. The table shows one result:

Title and URL of Linking Page	Link Anchor Text	Spam Score	PA	DA
[No Title] statcounter.com/shopify/	Shopify account (opens in new... www.shopify.com/)	2	96	100

To start off, look at just the category titled *Authority*.

This close-up focuses on the 'Authority' section of the Moz Pro interface. It displays the following metrics:

Authority
DOMAIN AUTHORITY
92 /100
PAGE AUTHORITY
93 /100
SPAM SCORE: 0 /17

There are three important metrics here: Domain Authority, Page Authority, and Spam Score.

Domain Authority (DA) is a metric that Moz developed to display how well a domain will rank in search engines. 100 is the best possible DA score.

Basically, the higher a site's DA score, the more likely a site is to rank well. If your site has a DA of 90, you can usually expect to rank on page 1. On the other hand, if your site has a DA of 25, it probably won't rank too well.

DA is best for considering the general impact of a site. A high DA means that the site gets a high amount of traffic to its homepage and most of its other pages. That's why sites with higher DA scores will usually be your top competitors.

Keep in mind that DA is not the final word on how a site will rank. It's simply a benchmark. You also don't need a high DA to rank on page 1 of the SERPs. Specific pages may rank better than the overall site they belong to, which brings me to the next metric...

Page Authority (PA) is nearly identical to Domain Authority, except it analyzes the ranking strength of individual pages. This allows you to predict how well certain pages on your site (or on your competitors' sites) will rank.

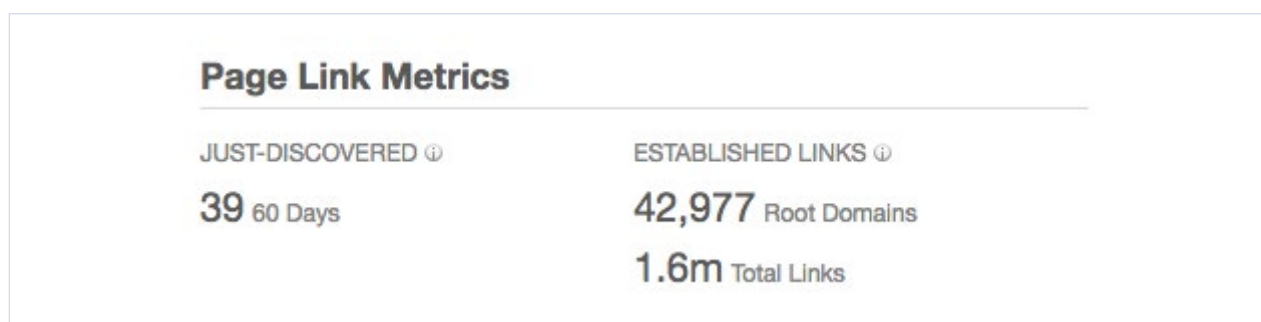
PA is useful for understanding the impact of a certain product page. When you enter in a specific URL, you'll want to look at the PA score to see how powerful that page is.

It's good to check the PA scores of best selling product pages and compare those to the overall DA of the site. If both are high, that means the site gets a lot of traffic and probably sells a lot. If PA is high but DA is low, the site doesn't get a lot of traffic but likely sells certain items more than others.

Finally, **Spam Score** checks to make sure a site is legitimate. Moz can tell when a site is set up for spam purposes, and that's where this signal comes in. 0 is where you want to be.

To recap everything so far: High DA and PA scores are good, while a low spam score is ideal. Together, these three metrics will give you an idea of how well a site will rank.

Now let's move on to the section called *Page Link Metrics*.



The *Just-Discovered* section can indicate how popular a site or page has become in the last 60 days. If you see a high number here, it means the site has gained a lot of backlinks in the last couple of months.

The *Established Links* section is even more valuable. It shows you how many root domains and total links there are.

The number of **root domains** shows you how many unique domains have linked to the site, while **total links** include any and all links, not just root domains. So if fakewebsite.com linked to your site twice, it would count as one root domain and two total links (since it's the same domain linking multiple times).

A site with a high number of root domains will usually rank very well for several terms. This is generally the more important metric of the two. Why? Because Google prefers sites with lots of unique root domains and will rank them higher than sites with fewer root domain links.

With that said, the number of total links can also help gauge how impactful a site is, since a high number of total links means the site has probably gotten multiple links from the same sites. This number also reflects the site's total reach and influence.

At the bottom, you can see the specific inbound links (i.e., links pointing to the specific site or page). You can also filter results in case you want to see specific link types, which can be useful.

Inbound Links

Gauge a site's influence. See inbound links to the page, subdomain, or root domain you've entered and analyze the linking pages.

Target  Link Source  Link Type 

this page only external all links

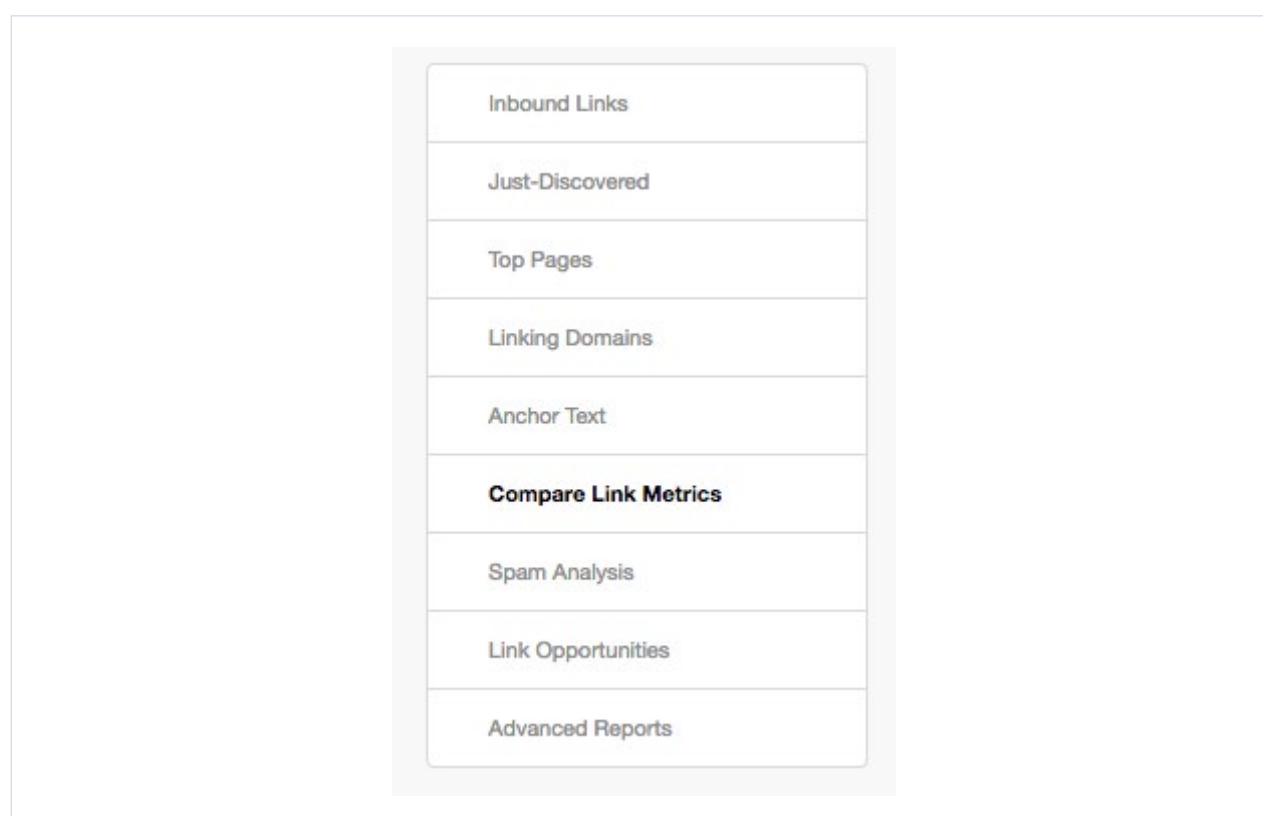
1 - 50 Inbound Links  Prev Next

There are a couple of reasons you might want to find out who is linking to your competitors.

First, it shows you which sites you might be able to get backlinks from. Maybe you'll find some sites that feature dropshipping products or use affiliate programs to connect with retailers. Later on, when you're building an SEO strategy of your own, this information is nice to have.

Second, you can personally check the credibility and quality of each backlink. For example, a site might get a ton of links but they could all come from shady sites. On the other hand, if popular sites are linking, then you'll want to pay attention to the competitor you're researching.

There's one more item of note on this page: the *Compare Link Metrics* option. This is located in the menu on the left hand side:



This feature allows you to compare multiple sites and see how their metrics stack up. For competitive analysis, this is a goldmine. You can pit your site directly against your competitors' or even compare multiple competitors against each other.

Simply click 'Add URL', enter the address, and you'll get a neat chart with all the important metrics listed.

Compare Metrics

See detailed metrics about the URL you've entered on the page level, subdomain level, and root domain level. Compare these metrics for up to five URLs.

Page Specific Metrics:

	http://www.shopify.com/ (default)	https://oberlo.com remove	Add URL
Page Authority ⓘ	✔ 93	50	
Page MozRank ⓘ	✔ 7.09	5.87	
Page MozTrust ⓘ	✔ 6.76	6.01	
Internal Equity-Passing Links ⓘ	✔ 19,225	0	
External Equity-Passing Links ⓘ	✔ 80,662	18	
Total Equity-Passing Links ⓘ	✔ 99,887	18	
Total Internal Links ⓘ	✔ 20,022	0	
Total External Links ⓘ	✔ 1.6m	26	
Total Links ⓘ	✔ 1.6m	26	

Don't overlook this feature. It's one of my favorites for comparing competitors and seeing how my site is doing. All in all, OSE is a stellar resource, and it'll quickly become a part of your daily business routine.

PageRank Checkers

PageRank (PR) is an algorithm Google uses to rank pages on the search engine results pages (or SERPs). While PR is one of many ranking signals, it provides a good indicator of ranking power. It's similar to DA, except PR is the metric Google uses. Some SEOs argue this is more important because it comes directly from Google.

PR is scored on a 1 to 10 scale, with 10 being the highest, signifying an extremely high-ranking site. Most sites have a PR of 1-4, and it can take a while to get a new site into the higher end of the scale.

PR can be a mysterious metric because Google no longer makes the scores available to the public. However, it's still an important piece of the ranking puzzle because Google uses the metric and will continue to do so and has no plans of changing that.

You can use sites like [CheckPageRank.net](https://checkpagerank.net) to see how your site fares. These third party sites won't necessarily be 100% accurate, so I suggest using PR scores in tandem with Moz metrics to get a holistic view of how sites rank. Like DA, PR isn't a conclusive score. It's another helpful benchmark to have around.

Wrapping it up: 3 steps for selecting dropshipping products

I've gone over a ton of material in this chapter, and it can feel intimidating to have so much to tackle.

To make it easy, I've condensed everything into a 3-step process that will help you find the best dropshipping products for your store. You'll want to reference the detailed instructions above, of course. Over time, as you repeat this process, it will become second nature.

STEP 1: Survey all of the products in your niche.

First, you want to take a large-scale look at your niche. What categories of dropshipping products do you find? What specific products are being sold? What does this all mean for you (i.e., what products could you offer based on this research)?

Use tools like Google Keyword Planner, Google Trends, and SEMrush to see how various products are performing. Record all of this data in a spreadsheet. I suggest keeping separate spreadsheets for each keyword tool you use to make sure all your data is organized.

Don't worry about looking at specific retailers just yet during this step. You don't even have to determine if the retailers you visit are dropshipping products or not. This step is meant to give you a look at all the different products that are being sold in the niche.

Once you've gathered some keyword and dropshipping product ideas, you're ready for Step 2.

STEP 2: Cross-reference the products you found with best selling products from retailers.

Now's the time to take a closer look at retailers in your niche. The goal is to find out which products are popular and which ones are on the rise.

This is when you should conduct competitive analysis by using tools like Moz Open Site Explorer and PageRank checkers. You'll want a separate spreadsheet for this step to compile the data from OSE and PageRank tools.

If you want, you can take a closer look at your biggest competition and cross-reference your product data from Step 1. This can help you confirm which products are selling well (and thus which products you might want to sell).

Don't place your orders just yet! You're still not done finding the best dropshipping products for your store. There's still one more step left...

STEP 3: Make sure the products fill a need.

This is the step most dropshippers skip. They identify the top selling products and throw up listings on a site. Maybe that was even your first instinct. However, there are many problems with simply dropshipping products that sell well. A best-selling product isn't always the one that people need the most, but obviously you want products that fly off the shelves. How do you balance these elements?

If you want to sell products online, it's important to make sure [your audience has a need](#) for every product you offer. If you're dropshipping products that people need, those products will sell. That's almost guaranteed. But if you offer products with a history of selling well, there's no guarantee that those products will do the same for you. That's why you should start by considering consumer need.

How do you make sure people need a certain product? Take a look at what they're saying. Visit websites, groups, forums, social media pages, and other channels to see how much conversation is happening for any given product.

You want to see people positively discussing the product. Good reviews and product-related questions are good signs. If you can find a community around the product (or type of product), that's even better. The product in question should be helping people do something specific.

If there's a lack of discussion (or negative discussion) about a product, some further research may be necessary. A complete absence of buzz around a product means you should think twice about offering it.

More often than not, it will be fairly easy to tell if a product is filling a need. Here's a good test – try to state the benefit of the product in one sentence.

Here are some examples:

- “This smart thermostat will help you control your home’s temperature right from your phone.”
- “This mug will keep your drink hotter for longer.”
- “This chair will reduce back pain and make you comfortable.”

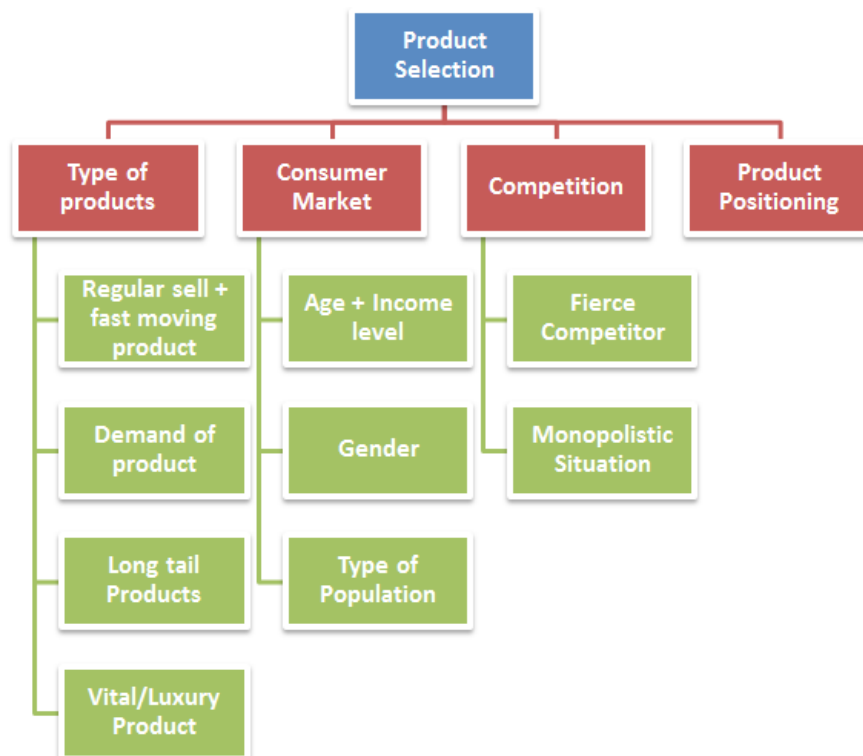
Don't stress out on this step. You don't need to be writing ad copy for the product. You just want to understand what a product does and [how it helps your customers](#).

If you can't summarize the product's benefit in one sentence, that could be problematic. The majority of helpful, valuable products are easy to describe, and their value is easy to understand. And if you can see the value of a product, your customers certainly will.

Product selection is ongoing

Now you'll have a list of great dropshipping products (and the data to back it up). You should also understand why these products are valuable and what specific value they offer to customers in your niche. Don't think about product sourcing just yet. I'll address that a little later on in this guide.

If you're having trouble, go back through the steps once more and try to take a more targeted approach. Consider searching for more specific product ideas or keywords, or perhaps expand the scope of your competitive analysis by finding more retailers to research.



[Image source](#)

The skills outlined in this chapter are skills I use every day, and they're incredibly useful for any dropshipper. I especially want to encourage you to get to know the various online tools. Knowing all the little features of tools like Keyword Planner and Moz OSE can really take your dropshipping store to the next level.

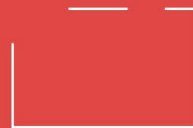
Don't forget that product selection is an ongoing process. This won't be the last time you measure product demand and competition. If new dropshipping products show up and people start buying them, you'll obviously want to consider carrying [those products](#). It's a good idea to set aside some time each month or so to conduct product research. Many experienced dropshipping merchants conduct product research on a biweekly or even weekly basis to keep their finger on the pulse of the market.

You've done a lot so far! At this point, you have all the makings of a great business. You've done your research, chosen a niche, and picked out products. A good amount of the grunt work is over, so give yourself a pat on the back for all that you've accomplished so far.

The only thing stopping you from getting started is, well, setting up your business! You'll need to take some important steps before you go on the hunt for suppliers and source your products. Chapter 5 will introduce you to vital concepts that deal with making your business official so you can start dropshipping products and profiting from your work.

5

Making Your Business Official



First things first: while I *am* a dropshipping expert, I'm *not* a legal expert. You should consult an attorney before taking action on anything mentioned in this chapter. Specifically, you should find an attorney who is experienced in helping entrepreneurs set up businesses.

In addition, the use of this guide does not create an attorney-client relationship between the reader and Shopify. I'm not a lawyer – I'm just an entrepreneur who has a passion for helping others.

Finally, the advice in this chapter is only applicable for entrepreneurs in the United States. International entrepreneurs, skip ahead to the end of this chapter for some resources that will point you in the right direction.

Now that I've gotten the boring stuff out of the way, let's talk about [making your business official](#).

Right now, you have a business concept ready to go, but it's not a bona fide business just yet. You need to make it legal, set up an official business framework, and make sure you're abiding by all the right rules.

This is often the step that intimidates would-be dropshippers the most. Dealing with legal stuff isn't exactly fun, and sometimes it's downright confusing. What do you do? Where do you start?

The goal of this chapter is to help you become more confident about setting up your business. I'll review the steps every entrepreneur needs to take, and I'll also give some suggestions to help out as much as possible.

By no means will this chapter answer all your questions, nor is it a definitive resource on anything legal. I highly recommend talking with an attorney and seeking advice from people in the legal industry. This chapter is only a starting point to introduce you to the essential aspects of incorporation and finances..

To make it easy, I've split up this chapter into two sections: legal and finances.

Legal

Choosing a business structure

Note: *This section is primarily focused on starting a business for residents of the U.S. Please make sure you determine the correct structure for the country in which you reside.*

The first step in setting up a business is deciding how the business will be set up. Since you're likely a one-person operation, this is typically pretty straightforward, but you still need to weigh your options and see which one is best for your personal situation.

Types of Business Structures



Proprietorship

A proprietary form of business is the least complex and the most manageable among the business structures. It is a business that is solely owned and run by an individual. It only consists of you being the owner and the staff in your employment.

Corporation

It is a separate and new entity formed under the law of the state where it is registered. The ownership of Corporations is subdivided among its shareholders in the form of shares or stocks. It is the corporation who owns the business and not the stockholders. Rather, the stockholders form the corporation.

Partnership

The US Revised Uniform Partnership Act of 1994 define partnership as "an association of two or more persons to carry on as co-owners a business for profit". This is the form of business owned by at least more than one but admission is only upon approval of all the other partners.

Limited Liability Companies

The newest and innovative legal structure for businesses today is the Limited Liability Company or LLCs. It is innovative in the sense that it uses the tax freeway and less regulatory benefits of a partnership yet enjoys the limited liability characteristic of a corporation. Not all states though allow the formation of an LLC. And for those who allow, there are also slight differences in the regulatory requirements and taxation but the basic features are never less the same.

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[Source](#)

Since every business is different, this guide won't be able to help you choose which structure is right for your company. That's where a lawyer can help out. However, this guide can help you understand these structures.

With that said, here's an overview of four widely used business structures.

Sole Proprietorship. This is the simplest business structure. [The IRS defines this structure as](#) 'someone who owns an unincorporated business by himself or herself. Many self-employed workers (like freelancers) are sole proprietors.

Think of a sole proprietorship as a personal business. Under this structure, nothing much changes. You essentially just communicate to the IRS that you're making money online. When filing taxes, you simply report business earnings on your personal taxes.

Keep in mind that a sole proprietorship offers no liability protection, so if your business is sued, your personal assets could be in trouble. So while a sole proprietorship is easiest to get started with, it's not necessarily the best.

Partnership. If you want to start up your business with a partner, your company may fall under partnership jurisdiction. This is simply 'the relationship existing between two or more persons who join to carry on a trade or business,' [according to the IRS](#).

Partners must file an annual information return, but the business does not pay income tax. Instead, each partner reports his or her profits and losses.

Obviously, for solo entrepreneurs, this structure doesn't apply. Many dropshipping stores are run by one person, so you don't see this structure a lot. However, it's definitely useful in some cases, and you should be aware of it in case you're co-founding a business with a partner.

Limited Liability Company (LLC). Ever seen a business name with LLC at the end? That means it's a Limited Liability Company. Under this structure, personal and business finances are separated, meaning your business will be a separate legal entity from your personal finances. This affords more protection than a sole proprietorship, but it doesn't come with the heavy regulations that a C Corporation demands.

You'll often see medium-sized businesses opt for an LLC, and it's appealing for its balance of protection and flexibility. Even though it's popular, it may or may not be right for you. Check out [the IRS guidelines on LLCs](#) as well as any local rules that apply.

C Corporation. This option provides the highest level of liability protection. This is how most major businesses are set up. However, becoming a C Corp is a more complex process, and a C Corp may be subject to double taxation.

For most dropshippers, this option is off the table. However, more ambitious entrepreneurs might want to give it a look. [Here's some information from the IRS on C Corps.](#)

Again, since I'm not a legal expert, I can't suggest one of these structures. I can say that most entrepreneurs who have smaller businesses usually choose a sole proprietorship or an LLC. A one-person business isn't too complex to set up, but a business attorney can help you make the best choices and help you protect yourself, your personal assets, and your business from harm.

Another reason to consult an attorney is that different states have different requirements for businesses. A professional in your state will be able to tell you everything you need to know about incorporating. If you don't know where to start looking, look at [this FindLaw page](#) that lists business and commercial lawyers by state.

Remember, the business structure you choose will determine much of how you have to run your business, so make sure the one you pick is the best for you.

Getting your Employer Identification Number (EIN)

This is a small but important step. Most people who run a business are required to have an EIN. An EIN is used by the IRS to identify a business entity. An EIN is like a Social Security number for a business, so it's important to have. Thankfully, it's a snap to get one. [You can apply for one online here.](#)

However, not all business owners need an EIN. Visit [this page](#) to see if you need one or not.

Miscellaneous Legal Necessities

When it comes to legal must-haves, there's much more than what I've discussed in this chapter. Trademarking your store name, making your email list legal, and protecting your customers' data are a few of the considerations you'll want to make.

Shopify created the [Definitive Legal Guide to Ecommerce](#) to help with some of these areas. However, this guide is not legal advice, so it can only share information like I've done in this chapter.

Depending on where you are, different rules may apply, so it's always best to consult a local attorney. Your state and city might have official information on starting an online business, and often there are specific rules for entrepreneurs who operate a business from their home.

Finances

Business finances are much more extensive than personal finances, so you'll want to make absolutely sure you have everything set up and ready to go. The term 'finances' is broadly applied to a range of financial matters, including taxes and payment processing.

If you're using an ecommerce solution like Shopify, you'll find business finances become a whole lot easier. However, you still need to read up on financial requirements. While ecommerce solutions simplify finances, they don't eliminate them.

A sturdy financial foundation will protect your business and make selling easy. It takes some work upfront, and you'll want to consult an attorney for most of these matters as well.

Here are some of the things you'll need to do:

Open a business checking account

In most cases, you'll want your business income to be separate from your personal income. This makes finances easier to manage, simplifies accounting, and affords you some extra protection.

[Do some research](#) to find a bank that offers a solid business account. It's perfectly fine to use different banks for your personal and business income streams.

Don't forget to look at online banks. An online checking account may come with lower fees, but there could also be some limitations. Whether you choose an online bank or not, make sure the bank you're dealing with is reputable and FDIC insured.

Even if you're not expecting to pull in high volume sales, a business checking account is still nice to have. Separating your income streams will save you countless headaches, and your CPA will thank you once tax time rolls around.

Get a business credit card

For business-related purchases, a dedicated credit card is a necessity whether you're buying inventory or charging a business expense. Just like you should have a checking account for business only, you should have a credit card that is solely used for business.



[Image source](#)

Your business credit card will mostly be used to order from suppliers. There are other ways to pay, but a credit card is one of the most flexible methods, and it's accepted everywhere.

This also gives you the opportunity to make use of credit cards with rewards programs. Since you'll be making fairly large purchases on a regular basis, you can easily rack up rewards. This isn't a necessity, but it's certainly a nice feature that you might as well take advantage of.

Create a business PayPal account

If you plan to accept PayPal, you'll need a separate business account to process payment. Again, the goal here is to separate personal and business finances, so don't use your personal PayPal account for your store.

It's easy to sign up for a business account, but be aware of the fees and restrictions that come with it. You'll deal with different fee amounts depending on factors like the size of the order and the location of the customer. [Here's the information straight from PayPal.](#)

PayPal isn't the only option for paying online, although it is the most popular. If you want to accept other forms of payment, like Stripe or Bitcoin, you'll need to set up business accounts for each one. And make sure you have a method of accepting credit cards!

Get your taxes and accounting in order

Before you open the doors to your business, make sure you know what you need to do for [taxes and accounting](#). Reach out to a professional tax and accounting expert to familiarize yourself with the rules and regulations involved. Depending on which business structure you choose and which local and state rules apply, your processes for filing and paying tax will likely be different from how you normally file and pay.

In addition, come up with a way of organizing your finances, recording your income, and logging expenses. Taking care of this on a consistent basis will help keep your finances headache-free. Trust me, you don't want to have to dig up everything a month before tax season.

Understand when to collect state tax on purchases

This is a rule that's good to know in advance. You only need to collect state tax if both of these criteria are met:

- The state your business operates from collects sales tax
- Someone from your state places an order from your site

Most orders won't be eligible for sales tax, but some will, and you'll need to be prepared for those. Be sure to contact the Department of Commerce in your state to register and get more information about rules you need to follow.

See if you need a local business license

Since most dropshipping businesses are operated out of home offices, a [local business license may or may not be necessary](#). You'll need to contact your city to find out if you need one or not. Even if you end up not needing a business license, you may need to obey certain local rules that govern home businesses.

Make sure your office space is in the clear

Having a home office is usually a straightforward process, but sometimes there are snags. For example, you might need a local business license.

However, in some cases, there's a few more formalities involved. If you're part of a Homeowners Association (HOA), you may have to follow specific regulations for running a business from your residence. Alternatively, you could choose to rent an office or coworking space, but this usually isn't cost effective for most entrepreneurs.

Don't forget to read up on what tax deductions you can take advantage of. You can write off or depreciate items that you buy for work, and you may be able to use other deductions as well.

What about international entrepreneurs?

Not in the United States? As always, I recommend consulting with legal and business professionals near you to determine exactly what steps you need to follow in order to establish a business in your area.

You should know that you still can incorporate in the US, but you'll need to jump through some hoops to make it happen. A business law expert will be able to help you decide if it's better for you to incorporate in your country or the US.

For further reading on the subject, check out [this guide from New York attorney Aaron Wise](#).

Finding legal help near you

As I've said throughout this chapter, nothing beats local legal help when it comes to setting up a business. Reach out to your network and see if anyone you know has experience with incorporation attorneys or business accountants.

If you're having trouble, here are a couple of resources to help you out. The first is [the FindLaw page that lists business and commercial lawyers](#), and the second is [a search tool from AccountantsWorld.com](#) that will show you accountants near you.

Reading online can only do so much. If you want your dropshipping store to succeed, it's more than worth it to invest some time and money into expert advice.

6

Choosing a Sales Platform



It's finally time to get into the good stuff: making sales. If you've made it this far, you've gotten a lot of the administrative stuff out of the way, and you're ready to start building your actual store.

Earlier I mentioned we'd be covering different sales channels. This is such a deep topic that I've devoted an entire chapter to it.

A sales channel is a platform you use to sell products. This can be a [Shopify store](#), a dropshipping website of your own, or a seller account on a product site like eBay.

The sales channel is another foundational element to a dropshipping business. The platform you use to sell will determine how you sell. You'll be subject to the flexibility (or lack of flexibility) of your channel, and the audience you reach (and how you reach them) will be extremely dependent on the sales platform you choose.

As you might be able to guess, there are lots of options out there. This is mostly a good thing, but it can leave you confused as to what you should choose. Each sales channel has its own pros and cons, and you need to closely evaluate them before you make a decision.

You can use multiple sales channels if you want, but you'll have to juggle all the different tasks and responsibilities. In most situations, this isn't too difficult, but you might want to start out with just one sales channel and then start using others.

There are three popular sales platforms: eBay, Amazon, and custom online storefronts (typically using ecommerce software or plugins). None of these platforms are inherently better or worse than the others, so you'll have to spend some time familiarizing yourself with each one. You'll likely find that one option is best for you.

Dropshipping on Amazon

When it comes to choosing a dropshipping website, Amazon seems like an easy choice. It's one of the biggest online marketplaces in the world, and it's a hotspot for dropshippers.



[Source](#)

Many of the products you see listed on Amazon are actually sold by third-party merchants. But is Amazon *really* that good for dropshippers?

There's no doubt that Amazon has plenty of advantages, but it's not without its own issues. In some ways it's convenient, and in other ways it can be really detrimental to dropshippers. Here are some of the pros and cons you should be aware of if you're considering using Amazon as your first dropshipping platform.

Pros of dropshipping on Amazon

It exposes your products to an enormous audience. By listing your products on Amazon, you'll instantly get in front of [millions and millions of people](#). This is the kind of attention you'd have to spend years to achieve on your own. And since many Amazon shoppers buy from third party merchants, you're almost guaranteed a colossal amount of free traffic no matter what you're selling.

It's trustworthy. These days, people treat Amazon like a local big box store. Shopping on Amazon has become a casual affair, and it's often where people go to buy any number of products. That means your customers might already regularly browse Amazon to purchase items they need.

You get access to Fulfillment by Amazon (FBA). With FBA, retailers ship products to Amazon, who then ships out the orders. If you have products of your own to sell, FBA can give you an additional revenue stream. This isn't a huge perk, but it's nice to have.

Cons of dropshipping on Amazon

The listing fees are substantial. Like eBay, Amazon imposes hefty listing fees that are typically in the neighborhood of 10 to 15 percent. And that's on top of the monthly \$39.99 base fee. If your margins are already low, this will cut into your profits quite heavily, but it's the cost you'll have to pay if you want that potential exposure to millions of buyers.

The competition is insane. Amazon's popularity is a double-edged sword. On the one hand, it means lots of people will see (and hopefully buy) your products. On the other hand, it means there's lots of competition. It doesn't help that many third-party Amazon sellers automate their listings to continuously adjust their prices to be the lowest. This creates pricing wars, which is bad news for dropshippers. Undercutting your competition all the time is no way to stay in business, so this is a real problem for dropshippers.

The payment situation isn't ideal for everyone. There are two big problems with how Amazon deals with payment. First, it doesn't accept PayPal. This is obviously a huge issue, as PayPal is how millions of people prefer to pay. Second, sellers only get paid every two weeks, and this is less than ideal for many entrepreneurs.

Dropshipping on eBay

To put it lightly, eBay is an enormous sales platform. Many people trust eBay, and millions of people use it to go shopping and buy products. It's similar to Amazon in many respects, and the two sites share many of the same advantages.



However, since eBay is an auction site, it's a little different than the other two options. It can be invaluable for dropshippers just starting out, but it comes at a price - literally.

Pros of dropshipping on eBay

It's huge. One of eBay's most appealing features is its sheer size. Dropshipping on eBay will give you instant access to millions of customers who have their wallets out, ready to buy. This means you can do less marketing and work more on leveraging the platform itself.

It's easy. Dropshipping on eBay is easy to set up. You can easily manage everything all by yourself without the need for any assistants or team members. If that weren't enough, eBay makes payment processing and finances a lot easier.

It's trustworthy. Customers trust eBay because of its seller protection policies, which can benefit new dropshippers. Many buyers will purchase from brand new sellers because they know they're covered if something goes wrong. This makes it easy for you to attract customers and build a positive reputation.

Cons of dropshipping on eBay

The fees can add up. eBay is notorious for its high fees – the ecommerce giant takes up to 10 percent of a sale (and in rare cases, even more). [These fees](#) are somewhat of a necessary evil and a tradeoff for selling on such a big platform, but this does dissuade some entrepreneurs from choosing eBay as a dropshipping platform.

Its auction style isn't always ideal for dropshipping. With a dropshipping business model, you list a product and keep that listing up indefinitely. eBay doesn't work like this because it's an auction platform, which means there's a time limit for all listings. You'll have to relist your items once the listings expire. This can be time consuming and make you postpone more important things.

It's limiting. With eBay, your hands are tied. There's a lot you can't do, like build an email list or design your own storefront. You have to play by eBay's rules, and you're more or less stuck on eBay. This means you won't get many repeat customers, you can't really build an audience, and you can't brand yourself. Suffice it to say, this can get frustrating. It can also make it harder for you to stand out since virtually every eBay store looks exactly the same.

Dropshipping on your own website

While it won't give you the ability to get your inventory in front of millions of customers, a dropshipping website of your very own can provide you with advantages you won't get any other way. You'll get a lot of freedom, but you'll have to make some compromises.

Setting up a dropshipping website from scratch may sound overwhelming, especially if you don't have any prior experience, but it's surprisingly easy thanks to ecommerce software like Shopify. You can easily create a site and integrate an ecommerce plugin to make your store, no experience necessary. Is this the right choice for you? Here are some points to think about.

Pros of setting up your own dropshipping website

You have complete control. You can decide everything that makes up your store, from the placement of your logo to the format of your pages. Most importantly, you can communicate your value to your readers, and this can give you a serious edge over your competition.

You don't have to pay outrageous fees. Without a third party to take a cut, you can considerably increase your profit margins. Those 10 to 15 percent listing fees that Amazon and eBay charge? Forget about them. You now only have to worry about payment processor fees and the cost of the actual products.

It's easier for customers to buy on mobile. Ever tried to use your mobile device to buy something off a sales platform like Amazon or eBay? It's not always pleasant. With your own dropshipping website, you can easily make your site responsive and mobile-friendly for your customers. Better yet, if you use a platform like Shopify, you can manage your entire business from your mobile device, so you can keep an eye on things even when you're on the go.

You can stand out. All Amazon pages look the same, just like all eBay pages look the same. Having a dropshipping website of your own lets you implement your branding and make a lasting impression on your audience. This can make a big difference, and it will help you build your brand and draw in a loyal audience of return customers.

Cons of setting up your own dropshipping website

You don't have access to a large audience. Having your own site means building an audience from the ground up. You'll have to put more time, money, and effort into marketing, [traffic generation](#), and outreach.

It can take a long time to get off the ground. You won't be making sales immediately like you would on Amazon or eBay. It's going to take some time to attract customers and make consistent sales.

How to choose a sales platform

So you might be asking yourself, “Which dropshipping platform is right for me?” I can’t decide for you, but I can help. To [choose the best platform](#) for your business, you’ll need to ask some questions and evaluate your priorities. First, think about which is more important to you: higher profit margins or more exposure to an audience.

If you’re interested in making the most money, you should probably consider creating a dropshipping website of your own. This strategy will take longer, but you’ll wind up with more money in your pocket, and you’ll be able to build a customer base.

If you’re more interested in getting your product in front of lots of people, then Amazon or eBay may be right for you. This will cut your margins, but you’ll get sales more quickly.

Second, think about your long-term goals. How do you want to be selling your product a year from now? What about five years from now?

In other words, how much control do you want over selling your products? Your own dropshipping website will give you the most control, while platforms like Amazon or eBay will limit you in many ways. When it comes to control over branding, sales, and pretty much everything else, a website of your own is hard to beat.

Finally – and this is the most important factor – think about how you’ll bring value to your customers. More specifically, think about which platform will allow you to provide the most value.

I discussed earlier different ways to provide value, and you might have a few ideas in mind. Which sales platform(s) will best facilitate those ideas?

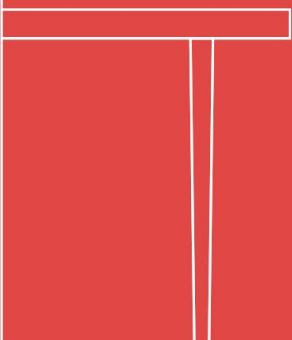
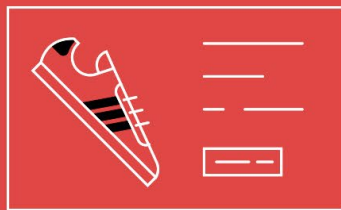
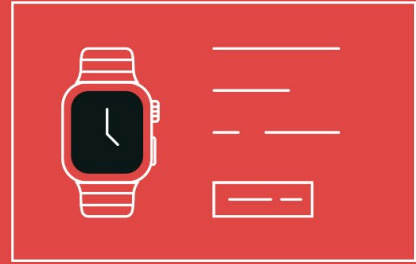
Personally, I've had the best experience with a custom dropshipping website paired with ecommerce software like Shopify. It gives you a ton of control, makes it easy to sell, and increases your profit margins. It also gives you more opportunities to brand yourself, retain customers, and market your store.

While you can switch to another dropshipping platform rather easily, there's one thing to bear in mind. If you start out on Amazon or eBay and want to move to a dropshipping website of your own, you'll have no way to relocate your customer base to your own site. Your positive reviews and customer experiences will be confined to that platform.

Regardless of which platform you opt for, you'll need to think about branding and digital marketing. You can have the best products and still fall short if you don't have a memorable brand. The good news is that with a little bit of know-how, you can create an amazing brand that will help your business stand head and shoulders above your competition.

7

Branding



So far, you've started to build the foundation of your business. I've gone over a lot of the brass tacks, from niche selection to incorporation. You've come a long way, but there's still some important steps ahead.

Even though I've talked about building your business, a business isn't truly a complete business without a unique identity. [That's where branding comes in.](#)



[Image source](#)

The right branding can establish your business as a trustworthy retailer and help with marketing too. It's what helps certain retailers rise above the others and stick in customers' minds.

Think of your favorite company. You probably know their logo, the tone of voice they use for advertisements, and maybe even their slogan. These elements are important for a memorable brand, and to really stand out, you'll need to put some serious work into developing a robust brand.

Many dropshipping stores don't have a brand. Think of all of the online storefronts that look the same. They're interchangeable. They give you no compelling reason to buy from them. Building a brand takes effort, and some dropshipping stores are only out to make fast cash. That's why so many dropshippers offer rock bottom prices.

Nevertheless, a brand is crucial. Customers know a good brand when they see one. The best companies in the world have awesome brands, so why shouldn't your store have one?

However, the concept of branding can be a little confusing or vague. What exactly goes into a brand? What's the process behind branding? As a whole, branding far exceeds the scope of this guide, but I'll get into the basics to get you started. First I'll define what a brand is, and then I'll show you what you need to focus on to brand your business.

What is branding?

You know that every company has a brand, [something that makes each business unique](#). So a brand is essentially a company's identity. Just like no two people are alike, no two businesses are alike, and brands are what make them all different.

If you want, you can think of a brand as a company's personality. A brand tells your customers who you are and what you're about. It's the essence of your business – the who, what, and why, so to speak.

Lots of companies treat branding as an afterthought. If you go that route, you'll find it difficult to gain traction and get new customers. Without a brand, your business won't be memorable, and it won't make prospective customers think it's special.

This is the reason why a lot of first time dropshippers give up and quit. They don't spend enough time on branding.

Branding is the thread that runs through your entire business. Everything about your business should be infused with your brand. Your social media, marketing strategies, and even ad copy will all reflect your brand.

Branding is both internal and external. Internal branding deals with your mission statement and company values, while external branding deals with aspects like design and copy.

Also, branding is part of the value you provide to your audience. Whether or not your customers are loyal will largely depend on how much your brand resonates with them. A remarkable brand will attract customers by connecting with them and help turn casual shoppers into loyal followers.

First, let's discuss internal branding.

Internal branding

Whether you're a solopreneur or the head of a small team, your company needs internal branding. This may seem insignificant, but I urge you to not ignore it.



[Image source](#)

[Internal branding](#) allows you (and any team members you have) to understand what your company stands for. It's another way of saying your company is focused on its customers. And while your customers aren't ever going to see what your internal branding is like, your public presence will reflect the attitude you maintain. A good internal brand ensures everyone is on the same page and facilitates an optimal work ethic.

Two common ways of implementing internal branding are the mission statement and a list of values.

Creating a mission statement

Throughout this book, I've placed a heavy emphasis on value. By now, I hope you've gained a value-first mindset that focuses on how you can best serve your audience.

This idea of value first is integral to a successful mission statement. Mission statements can sometimes seem corny or disingenuous, but a good mission statement can work wonders for your business by giving you a customer-centric perspective.

You've probably seen lots of mission statements before, but if you haven't, [here are some famous examples](#):

Warby Parker: "To offer designer eyewear at a revolutionary price, while leading the way for socially-conscious businesses."

Nordstrom: "To give customers the most compelling shopping experience possible."

JetBlue: "To inspire humanity – both in the air and on the ground."

These mission statements are more than hollow platitudes to whip up some good PR. They're designed to guide each and every worker in everything he or she does. A good mission statement improves morale, creates a positive environment, and helps everyone communicate better.

To see the power of the mission statement in action, take a second look at those mission statements above. *They're all about what the company does for the customer.* This is vital because if your mission statement is all about your company, it's not going to work well.

Just like you've developed a value-first mindset, you have to develop a value-first mission statement. Again, this may seem like overkill for a dropshipping business, but trust me – not many dropshippers take this seriously. It may not always be obvious, but most successful dropshippers with great brands have an outstanding mission statement that's driving them.

This is how companies like IKEA work. You may not realize it at first, but IKEA's goal of helping 'more people can create a better everyday life at home' [affects everything they do](#), from product design to store layout. This is exactly the kind of internal structure you want to create for your dropshipping business (even if it's just you right now).

It's also important to establish your internal branding before you start working on any external branding. It's like building a house on a sturdy foundation. Your external branding is the house, and your internal branding is the foundation.

Not an expert on crafting inspirational mission statements? Don't worry. Here are a few tips to give you a boost.

Don't make your mission statement self-serving. Like I said, you have to put your customer base first, and that means refraining from overloading your mission statement with 'we'. Yes, your mission statement is about your company, but only about what your company can offer. Don't get too caught up in your ambition and lose sight of that.

Think in verbs. The mission statements listed above all start with "to ____". To offer, to give, to inspire. These are all verbs, and who is the recipient of these actions? The customer. If you think of what your company does in terms of verbs, it's easier to maintain the focus on your customers and not yourself.

Reflect on *why* your company does what it does. Every company needs a fundamental reason to exist, often simply called [a 'why'](#). If your why is just to sell and make money, that's not good. Your business needs to have a reason to improve people's lives somehow. You then need to incorporate that reason into your mission statement. Warby Parker's mission statement does this wonderfully: "To offer designer eyewear at a revolutionary price, while leading the way for socially-conscious businesses."

You'll want to draft several mission statements, anywhere from 10-30. It's okay if they don't sound perfect. Right now, you want to think of as many statements as possible to give you the most options to work with.

Next, narrow it down. Which mission statements summarize your goals best? Which ones would you identify with most if you were the customer?

You might need to change your mission statement over time. As your business grows, you'll get a better idea of the value you provide and what your specific objectives are. Update your mission statement accordingly and make sure everyone on your team knows what it is.

[Here's an excellent guide from The Balance](#) that provides some tips for writing a great mission statement. This step helps you think like the most successful businesses in the world and allows you to align actions with goals.

External branding

External branding is complex to talk about because everything you do represents your brand. Your logo, customer support emails, and social media avatars are all part of your brand. (This is why internal branding is so important – you need to understand who you are before you go public.)



[Image source](#)

The basic elements of a brand are how you look and how you sound. Your business logo and website (or storefront) will often be the first thing a new customer sees, so they need to make good first impressions. Next, the tone and style of writing you use will affect everything from sales to social shares. Text and media are how you'll communicate with your customers, so everything you put out needs to make sense with your brand.

Let's break down these parts (logo, website, writing), and discuss them each in depth.

Logo design

There's a reason big businesses spend millions on logo design. It's because your logo is more than just a nice design. It's a way for people to instantly recognize your brand.

I bet you can think of at least 10 different logos right now. Logos have tons of power. Humans are visual creatures, so when you and I see a logo for a business we love, we'll commit it to memory almost subconsciously.

You'll use your logo on your storefront, your social media accounts, your business cards, and even your email profile picture. All of your customers are going to see it, so why not make it the best it can be?

Because a good logo can be a little pricey, many entrepreneurs opt to choose a free logo [they can make themselves](#). The problem with this? If you have no design skills at all, your logo will look generic and forgettable.

That's why you need a logo that's tailor-made for your brand. You don't need to spend thousands of dollars, but you should be prepared to pay a fair rate for a custom designed logo from a qualified designer. That way you won't be just another store with a boring logo. A custom logo is an easy way to stand out from your competition.

First, you should have an idea of the aesthetic you want for your brand. Do you want to have a more formal or a more casual look? What feelings do you want to evoke in your customers? A good designer will be able to guide you, but it's good to ask these questions beforehand.

It's helpful to find a bunch of logos you like and try to figure out what you like about them. What makes them unique to you? Thinking about this makes a logo designer's job easier because they'll be able to come up with ideas that reflect what you want in a logo.

Second, you should be prepared to pay. How much should you spend? Costs vary from designer to designer, but a good price range to shoot for is the \$100 to \$300 range. Logo design takes a lot of work, and designers who charge too little often skimp on quality. If you get a quote in the \$100 to \$300 range, you'll likely be dealing with someone who takes his or her job seriously.

So how do you find a logo designer? It's worth reaching out to your network and seeing if you can find a designer that way. This is a great way to find people you can trust and build relationships with them.

If you can't find anyone through your network, there are tons of sites that allow you to get a well designed logo that doesn't put you in debt. Here are a few options.

Find a freelance designer. For most entrepreneurs, hiring a freelance offers the best value for money. You're not aiming for a prestigious firm, but you're also ensuring you're not just paying someone to use a free logo designer and charge you for it. It's a nice middle of the road option that works out wonderfully for everyone involved.

You may be able to find a local logo designer by Googling 'logo design' plus your area. Many logo designers target locally based businesses, and this is an excellent option to connect with someone reliable.

Sites like [99designs](#) can help you connect with a designer, but these sites aren't always ideal.

Yet another method is to use portfolio sites like [Dribbble](#). You can instantly view hundreds of designers and their work, and you can contact them directly to get a quote. This might take a little longer, but you'll be happier in the long run.

Use an online marketplace. Sites like [Upwork](#) and [Fiverr](#) are abundant with freelancers, and usually you won't pay too much. It's easy to browse the site and find skilled designers, and you can normally get a finished logo in a matter of days.

The flip side is that most freelancers on these types of sites will undervalue themselves and charge very little. It's also somewhat difficult to find designers that don't produce generic logos. Still, if you pick through the options, you can find some diamonds in the rough.

Find a graphic design firm. This is a more expensive option, but it can yield excellent results. If you're willing to pay up and get a professionally designed logo, you can search for renowned graphic design firms. These firms usually have an in-house team of designers who work to produce the logo of your dreams. These firms are common in major cities, and if you find a local firm, you get the convenience of chatting in person and working with a designer for the best results.

For all intents and purposes, your logo is the face of your brand. It's going to go on all of your marketing materials, so while it might be tough to swallow the idea of spending a few hundred bucks on a logo, keep your eye on the long term.

Website design

By now, you should have a sales channel picked out. If you're going to be using a website of your own, you'll need to think about your [site's design](#).

If you're using eBay or Amazon, there's nothing design-related you can do, which limits your ability to effectively brand your business. A website will give you a solid web presence and let you sell however you want to.

You know that design is important, but let me ask you a question: How many websites can you remember visiting in the past week? Probably not many. That's because the average website doesn't take design seriously. You'll usually see variations of the same WordPress or Squarespace theme.

Now, there's nothing wrong with using WordPress or Squarespace, but there is something wrong with having a generic site. You don't want prospective customers to forget about your site because it looks like any other site out there. Even worse, a lackluster site could kill your conversion rate and turn people away from your site.

Website design is another aspect of your business that you should set aside a sizeable budget for. In terms of price, you can spend as little as a few hundred dollars or as much as several thousand. Plan your finances accordingly. Your website is one of the [most important business investments](#) you'll make.

There are ways of setting up a site yourself, but you'll get more polished results if you hire a web designer. No matter how you choose to set up your site, you should focus on two important things:

Integrating your branding into your site. It's not called a 'brand identity' for nothing. Your site needs to be an organic extension of your branding. That means the colors, fonts, and images you use should be consistent with your brand. Attention to detail is necessary here because anything that doesn't align with your brand will feel out of place, and that disrupts the customer experience.

Having a memorable design. Your site should look like your site and no one else's. Despite what you might think, getting a memorable design doesn't have to dry up your funds. It's very possible to have a unique design using a website builder like WordPress, but you need to put work into it. Hiring a designer is your best bet if you want your site to be customized to your needs by a pro, but it's not necessary.

There are two routes you can take: build a site yourself or hire someone to do it. There are pros and cons to both, and you need to choose carefully, as a bad website can be a costly mistake.

Designing your own site

This option is probably the more appealing of the two, right? In theory, you can save tons of money and quickly get a site up that will let you start selling products.

Not so fast. This has its perks, and sometimes it's the preferable option, especially because of the resources that are available to you. At the same time, it's not the right choice for every dropshipper.

It's crucial to think about what goes into a dropshipping site before you decide to take on the job. Your site will have to have product pages, an integrated payment processor, and encryption, to name just a few things. If there are any bugs in your site, that could spell doom for your business.

So if you have zero experience with creating and designing a site, I recommend finding someone experienced to help you out. Yes, it's an additional cost that you technically could avoid, but paying a bit now can help to save your business in the long run.

On the other hand, if you have sufficient web design and/or development experience, this option may be for you. Bear in mind that this will take some time, possibly longer than projects you've worked on in the past. It's tempting to skimp on some details, but don't.

It's worth mentioning that there are other website solutions to consider. While these won't give you as much flexibility and customization as a designer would, they're more affordable and will get the job done.

WordPress is one such option. There are numerous ecommerce plugins to help you set up a store even if you're not the most tech-savvy person in the world. You'll probably have to pay for some premium (paid) plugins, but the end cost will be much cheaper than seeking out a designer. Squarespace is another popular web design solution.

If you go this route, you can utilize [Shopify](#) features and plugins. These are designed to be incredibly user-friendly and help you step by step through the entire process.

Using site builders like WordPress or Squarespace can make the technical stuff easier, but you'll have to work harder on the design. You don't want to use the same theme everyone else is using. You could also take a hybrid approach, doing what you can by yourself and hiring someone to do the rest.

The upside of using site builders like WordPress is the ability to use the ecommerce plugins I mentioned. There are a plethora of plugins that handle payment processing, storefront design, email lists, and pretty much everything else you can think of. Many dropshippers choose to set up a site like this, and while it works fine, you might find it lacking.

In the end, it all depends on what you want from your site. If you're comfortable and experienced with creating and designing websites, consider the DIY approach. If you want a professional touch, or if you're not too savvy with website creation, consider hiring someone for the job.

Hiring a web designer

Because the success of your entire business depends upon your site operating flawlessly, hiring a web designer is an excellent choice in most cases. It's a long term investment, and while it may hurt your wallet now, it will pay for itself in due time.

The options for finding a web designer are the same as finding a logo designer. You can reach out to your network, find a freelancer online, or work with a design firm. However, since web design can cost a pretty penny, you'll want to put even more thought and research into finding the perfect web designer. It's always a good idea to chat with the designer if possible and see if he or she is on the same page as you and understands your vision.

As I mentioned in the logo design section, fraudulent designers can be an issue. Many 'designers' just set up a WordPress site and charge a premium fee for it. If you don't even know how to use WordPress, this isn't a bad option, but the point is that you need to do your homework before paying anybody. Make sure you're clear on what a designer will do for you.

A good web designer will be able to answer your questions, integrate your branding, and showcase work they've done in the past. Ideally you want a designer who has created retail sites before. Since online stores require more work than other sites, it's important you work with someone who's used to it. A designer who's unfamiliar with how ecommerce stores work could end up creating a site that's not exactly optimized for converting and selling.

If you think you've found the right designer for you, you might want to email the people or businesses they've worked with before. Getting honest, personal testimonials can speak volumes about a designer's quality. At the very least, check out previous sites the designer has done and take a thorough look at them. Are they visually and functionally similar to what you're looking for?

Now for the big question: how much should you expect to spend? This is where the costs can add up. An ecommerce site starts at around \$5,000 and goes up from there.

If this seems like a lot, refocus on the big picture. While it's tempting to cut costs by doing things yourself, paying a designer is usually worth it because it provides you with peace of mind. You'll have a storefront that works flawlessly in a short amount of time, which means you'll be able to start selling sooner. The final product will be refined and visually appealing, so you won't have to worry about having a subpar site.

Whether you design the site yourself or outsource the job, you'll want to get familiar with how the site runs. This is especially true for ecommerce plugins. Since you'll be using a suite of plugins, spend some time with them and get used to how they work. If you run into problems, you'll want to be able to troubleshoot easily.

Copywriting

Whether you end up building your own website or not, you'll still need professional copywriting. Writing is an essential part of a site that most people overlook. Many entrepreneurs focus on having a flashy site or an eye-catching logo, but they forget about the writing.

[Good copywriting](#) is vital for several aspects of a dropshipping business:

- Ad copy
- Product descriptions
- Marketing content
- Social media posts
- Additional content (e.g., blog posts, videos, guides)

In short, writing is a huge part of how you'll convert people and close the sale. The right words can bring your brand to life and turn one-time shoppers into repeat customers. On the other hand, boring copy can make your visitors click away and possibly never visit your site again.

Writers are a dime a dozen these days, so you have to be careful when selecting someone to work with. You don't necessarily need someone who has a master's degree in English, but you shouldn't work with someone whose work is riddled with errors. Even small grammar issues can make visitors feel like you don't care or that you're lazy, and that's the last thing you want.

If you want to grab your audience's attention, you'll need cleanly edited, emotionally engaging copy. That means you'll want to find a seasoned writer who also knows the ins and outs of sales copy, marketing content, and [product descriptions](#). There's a world of difference between writing a book and website copy that converts, so the writer you choose should have prior experience in copywriting for online businesses.

Again, you can find a freelancer, use an online marketplace, or work with a firm. Although I should note that when it comes to writing, it's often very difficult to pick through online marketplaces (like Upwork) to find high quality writers. Many writers aren't native speakers of the languages they list, and once you filter those writers out, you'll still find many who don't have the requirements you need.

But before you even start your search for a writer, you have to know what tone of voice you're going for. If your brand is casual or even edgy, you won't want formal or poetic copy. Likewise, if you're going for a super-professional appearance, you won't want your copy to be filled with slang. Again, check out some of your competitors and evaluate them. Which writing styles do you like? Communicating that to your writer will help them understand what you're looking for.

You should also consider whether you want to find a writer to work with in the long term. Since you'll regularly need new ad copy for products and marketing materials, it may benefit you to find a perfect writer from the start and build a working relationship. This can save you time down the road since you won't have to look for a writer all over again.

All of that being said, finding a good freelance writer can still be tricky, especially if you've never worked with a writer before. Finding someone with an established portfolio is usually your best bet. Remember that just like logo and web design, writing takes a lot of work, so it's not going to be cheap.

While writing rates are variable, expect to pay the equivalent of 10 cents per word or higher to get the good stuff. Some writers charge hourly or per project, so you'd have to figure out the per word equivalent. If you're in a smaller or more technically demanding niche, you'll need to pay even more to find someone who is experienced in the field. The bottom line is that for premium, professional writing, you'll need to budget accordingly.

Maintaining Your Brand

Once you've worked on both your internal and external branding for a while, you should have a solid sense of your brand as a whole. A lasting brand will require development, so tweak it from time to time. For example, if you notice your customers using a certain tone of voice, you might want to emulate that with your copy.

As your store grows, your brand will too. If you keep focusing on improving your brand, you'll have a dropshipping business that attracts customers in droves and keeps them coming back for more.

8

Finding & Dealing With Suppliers



It's been a long road so far, but it's finally time to start talking about suppliers. Now that you've built up your business and understand your place in the market, you can work on building relationships with suppliers to get the actual products to sell.

In this chapter, I'll give you a primer on how to find and contact suppliers. I'll also go over some common pitfalls that first-time dropshippers often make when looking for suppliers to work with.

Finding Suppliers

Finding the right suppliers takes some caution, so it's crucial to use the right strategies. With a little bit of work, you'll be able to separate the good from the bad and find reliable wholesalers to do business with.

Some of these strategies are more effective than others, so I'll start with the one that's worked the best for me and then work my way down the list.

Contact the product manufacturer

This is by far the easiest and most effective method of finding wholesalers. Once you know which products you want to sell, find out who makes those products and contact them. Ask them for their list of wholesale distributors. This gives you an official list from the manufacturer themselves, so you know you'll be working with legitimate businesses.

This strategy is quick and only takes a few calls. By calling different manufacturers in your niche, you might find the same wholesalers coming up again and again. This lets you know who the leading wholesalers are, and you barely have to do any work to find out.

Use Oberlo.com

If you want to be able to easily find and even switch between different suppliers, give Oberlo a look. Oberlo [integrates seamlessly](#) with Shopify and makes supplier management a breeze.

In addition, you'll get access to several other handy features. You can import products directly from suppliers, fulfill orders automatically, automate your prices, and more. [Here's a full list of Oberlo's features.](#)

Use supplier directories

I mentioned supplier directories earlier in connection with fees. No supplier will charge a monthly fee, but a supplier directory might.

Supplier directories list wholesalers in all kinds of niches. There are two main benefits to directories: security and convenience. Directories are secure because they often screen wholesalers before listing them, and they're convenient because you can look up wholesalers by niche or product type. It can save you a lot of time when you're searching for suppliers.

By no means are supplier directories necessary. They make your job easier if you have the money to spend on them, but you can find all of the legitimate wholesalers you need without ever touching a directory. All in all, directories are great for some dropshippers, but not for everyone.

If you want to save some time and don't mind paying the price of admission, here are some of the most trusted and well-known directories. I'm not endorsing or advertising for any of these. I just want you to know what your options are.

Worldwide Brands – This is one of the oldest and most trustworthy supplier directories. Created in 1999, Worldwide Brands has a huge database of thousands of certified wholesalers. These wholesalers are all top-level, meaning they're not middlemen (i.e., the retailers who pretend to be wholesalers). If that's not enough, you can also browse over 10 million products.

The cost is \$299 for a lifetime membership, which is a great deal compared to many of the directories out there. If you're planning to rely heavily on a directory and you want one of the best, Worldwide Brands is definitely worth a look.

Wholesale Central – Wholesale Central is completely free. This might seem like a warning sign at first, and it's true that this directory has some issues. Even though Wholesale Central charges a listing fee to suppliers, not every listing is genuine.

For one, most of the 'wholesalers' seem to be retailers selling at 'wholesale' prices. Wholesale Central also claims to screen its applicants, but they don't specify what that process looks like, so it's very possible that some illegitimate suppliers are slipping through the cracks. Bottom line – feel free to browse it, but be cautious and do a lot of research before reaching out.

How to Spot Fake Wholesalers

Now that you know how to find suppliers, I'm going to show you how to identify *fake* dropshipping suppliers. That's right – there are fakes out there. Some retail stores pose as wholesale suppliers so they can sell more, but they mark up the prices like crazy. You want to work with true wholesalers who buy directly from the manufacturer and can offer you much better pricing.

If you go and look for wholesalers, it might be difficult to tell which ones are fake. In fact, it might be nearly impossible. That's because the fake ones often seem more credible. Unfortunately, legitimate wholesalers tend to be less marketing-savvy, so it's often more difficult to find them. Fake suppliers, on the other hand, often excel at marketing, so they'll pop up a lot when you search.

There are a few telltale signs that give away fake dropshipping wholesalers:

They sell products to the general public. Many retailers posing as wholesalers will sell to the public, often advertising 'wholesale prices' to make customers think they're getting a good deal. What they're really doing is selling products at inflated prices and then slapping the wholesale label on them. This is a dead giveaway that you're not dealing with a legitimate wholesaler. If you see a wholesaler listing their prices publicly, this is also a sign they're fake.

A real wholesaler will never sell to the public. Furthermore, in order to make a deal with a wholesaler, you'll have to apply and be approved. Wholesalers won't work with just anybody. You have to prove you own your business and that it's a legitimate business.

They charge ongoing fees. This is another way for fake suppliers to squeeze more money out of their unsuspecting victims. They'll charge a monthly fee just for doing business with them. No true wholesaler would ever do this.

However, you might come across some wholesaler directories that may charge a fee. These directories are actually a good method of finding suppliers, so I'll discuss them shortly. Just be aware that a supplier will not ask for a base fee of any sort.

They don't want to sign any contracts. This is a huge red flag. You will always need to sign a contract to enter into a legally binding business agreement before making any purchases. A supplier that refuses to sign a contract (or says it's not necessary) is fake.

How to Spot Legitimate Wholesalers

So how do you find legitimate wholesalers to work with? Thankfully, it doesn't have to be a guessing game. Real wholesalers can be detected using a few simple criteria:

They require you to apply. Whereas fake wholesalers won't have an application process, legitimate wholesalers will. You'll have to be legally incorporated, and the supplier will have to approve you. All of this will happen before you even see any prices.

They have a minimum order size. It's common for suppliers to have a minimum order size, especially for your first order. This is because suppliers only want to work with serious businesses, so setting a minimum order size helps to filter out people who are just window shopping.

Sometimes this can be problematic for dropshippers. Consider the following scenario. A supplier has a \$500 minimum order, but the size of your average order is only \$75. In this case, it seems like you'd have to pay the \$500 just to open the dropshipping account in the first place. What do you do? My advice is to turn the extra amount into credit to be applied to future orders. This way, you're meeting the minimum order size, but you don't have to order extra product.

They have experienced staff and a dedicated support team. This is truly a hallmark of a top-notch supplier. You should be able to call up a representative who knows your niche and can answer any questions you have in detail. If the company reps don't seem knowledgeable, it's possible they were hired without any experience or training.

On top of that, look out for a dedicated support team. If you're working with a wholesaler, you should be assigned one specific customer support member to take care of your needs. This will make problem solving easy. Having to call and email multiple team members only leads to confusion, and it makes problems worse. That's why having a single point of contact is so beneficial.

Their technology is up-to-date. Remember when I said that legitimate wholesalers tend to be bad at marketing? Unfortunately, they also tend to be bad with technology as a whole. This isn't a deal breaker, but it sure helps when your supplier has a polished website and interface. Being able to use features like real-time inventory, searchable order histories, and easy-to-use online catalogs are incredibly useful and save you lots of time.

They have pre-order fees. While no retailer will charge monthly fees, many will charge small pre-order fees. These usually range from \$1 to \$5 per order or possibly more, depending on how large the order is. These fees cover the costs of packaging and shipping, since individual orders carry much higher fees than bulk orders do.

They won't go over the top to persuade you to work with them. This is a tactic you'll see a lot with middlemen 'wholesalers'. Since these businesses are just retailers, they're going to use sales tactics to try to get your money. They'll go on about their benefits and provide lots of information that's really useless.

Real wholesalers won't bend over backward to work with you. They'll require *you* to apply, and they'll have stringent requirements. If a 'wholesaler' is throwing sales pitch after sales pitch at you, run for the hills.

What to look for in a supplier

Just because a certain supplier is legitimate, that doesn't mean they're the best option for you. Choosing the right suppliers can be a lengthy process, but it'll be worth it when you find one that ticks all of the boxes you need. To do that, you need to know how to spot a *good* supplier.

If you're new to searching for suppliers, you may not even know where to start analyzing the quality of one supplier over another. Fear not, because I have some expert tips for you. It might not be obvious to look for these things, but they can save you insane amounts of time and money.

They take orders by email. Having to call in an order instead of emailing may seem like a minor issue that you shouldn't raise a stink about. But think about a future where you're getting hundreds of orders every day. Do you want to have to call in all those orders (or hire someone to do it for you)? Even placing orders via the supplier's website can be time consuming.

Being able to submit orders through email will be a blessing when you're getting inundated with new orders every hour. Thankfully, many wholesalers will accept email orders, but there are some who use other systems.

Their location is prime for shipping. Assuming you're in the United States, think about where the best location for a supplier is. If the supplier only has one shipping center, it's makes the most sense for it to be in the middle of the country. This allows packages to get to 90% of the US in 2-4 business days. If the supplier is on either coast or perhaps far south, it can take more than a week for some orders to get in customers' hands.

A centrally located supplier will give you consistent shipping results, and on average it will only take a few days for people to get their items. International shipping is a whole different ball game, of course, but for domestic shipping, a central location is ideal.

Their processes are efficient. Obviously you don't want to work with suppliers who constantly botch orders or make mistakes. But how can you know that without actually working with them? Unfortunately, you really can't.

What you can do is place a few test orders. This won't conclusively prove the supplier's quality, but it will give you some helpful information. You can see what the order process looks like from your side, how long the shipping takes, and how the items arrive. For example, if the supplier doesn't send out tracking information within a few days, that could be a red flag. The entire process should be smooth and seamless, from the order to the delivery.

Getting Ready to Contact Suppliers

After you've compiled a list of suppliers you'd like to contact, you'll need to take care of a few more things before you actually reach out. It's easiest to interact with suppliers once you have the necessary legal standing and know exactly what you're looking for in a supplier.

Be incorporated

This is a must. As I said earlier, most wholesalers will require proof that your business is indeed legal, and that means incorporation. In fact, the majority of wholesalers will only show their pricing to approved businesses, so unless you're incorporated, you probably won't even see wholesale prices.

Know what you want

What do you want from your dropshipper? What products do you want to offer? These are the types of questions you'll want to answer before talking to a supplier. Basically, you'll want to have all the specifics in mind before you make contact. (The section above about knowing what to look for should also help you with this.)

Wholesalers are there to do business, and they get tons of spam every day from people who waste their time. You don't want to be one of those people. You need to show them you mean business, and a lot of that proof comes with how you present yourself. If you get straight to the point and don't ask a million questions, the supplier will know you're serious.

So it's important to know what you're looking for well before you ever pick up the phone or type an email. Try to take up as little of their time as possible (but don't be afraid to ask legitimate questions).

Ask if they dropship

Not all wholesalers offer dropshipping, so this is probably the #1 question you'll want to ask. You might already know, but it's still polite to ask (and it gets you and the rep on the same page). You don't want to chat on the phone with a supplier for half an hour about products and pricing only to learn that they don't dropship.

If a specific supplier doesn't dropship but you definitely want to go with them, let them know that, and see if you can negotiate a deal. This is the exception rather than the rule, but it's not unheard of.

The phone is your friend

These days, the average entrepreneur's first instinct is to type up a quick email and shoot it off. Email has become the go-to method of communication for many people. On top of that, fear of talking on the phone is very common, even for entrepreneurs. It's easy to understand why. It's intimidating to place your first call (or even your first ten calls) to suppliers you've never talked to before.



[Image source](#)

But once you pick up the phone for the first time and start talking, it gets a lot less scary. It's not as bad as it seems, and even if communication isn't your strong suit, don't worry; suppliers are used to it, and they're there to help you.

One effective phone call can do the work of fifty emails, so you'll zip right along instead of waiting days for a response in your inbox. Simply calling instead of emailing can save you months of wasted time.

Still afraid? Here's a tip – write out your questions before you make the call. This way, you'll have a structure to your conversation. Believe it or not, this little technique can make all the difference.

Paying suppliers

So you've hunted down a great supplier, chatted on the phone, sealed the deal, and are ready to join forces. You should be aware of how suppliers will take payment so there will be no hitches when it comes time to pay.

Credit card. In Chapter 5, I recommended getting a credit card exclusively for business use, and this is one of the biggest reasons to do so. Nearly every wholesaler will accept credit card payment, and it's easily the most convenient way to pay.

The nice thing is that you'll have few out-of-pocket expenses because you'll be paying the supplier for orders that customers have already placed. This makes it super easy to rack up lots of rewards and/or frequent flier miles.

Credit cards are also fast and secure. Many suppliers will have your CC number on file and simply charge you when you place an order, which makes the process straightforward and painless.

PayPal. While not every supplier will accept PayPal, many do since it's become so ubiquitous. This is also an extremely convenient way to pay, but there are always fees when dealing with PayPal, which is why it's not always the best choice. Generally speaking, a credit card is better, but there are some situations in which PayPal might win out. You'll have to research both options and see which one is right for you.

If you're in doubt, go with a credit card. You can get tons of rewards and bypass the hefty fees PayPal charges.

Net terms. This is a more traditional method of paying suppliers, but it's still widely in use today. Under a net terms arrangement, after you purchase products you have a certain number of days to pay, usually by check or bank transfer. For example, if you're on 'Net 30' terms, you have 30 days after you place the order to pay.

You're probably asking yourself why suppliers use this payment method if they don't get the money upfront. Couldn't someone run away with the product? Suppliers solve this problem by requiring credit references. If your chosen supplier uses net terms, you'll need to provide some relevant documentation when you apply for an account.

Dealing with suppliers

You might be wondering what your responsibilities are when dealing with a supplier, or maybe you want to know what the retailer-supplier relationship looks like. While this varies from supplier to supplier, there are some general rules of thumb to keep in mind when you're preparing to start working with a supplier.

Be timely with sending in orders. This is vital not only for your supplier but also for your customers. You need to get your customers' orders from point A (your site) to point B (the supplier) in a speedy fashion. Depending on how many sales you get, this could mean processing orders daily or, if you're selling like crazy, outsourcing the job to a virtual assistant.

Get to know your contact/representative. As I briefly mentioned earlier in this chapter, a good supplier will assign you a dedicated representative. You'll want to build good rapport with this person, since he or she will be providing help and resolving all kinds of issues with orders. If you experience problems with your contact, don't hesitate to talk to a higher up about it. Your rep is an important part of the supply chain, and a bad rep could mean orders going wrong. Yikes!

Handling botched orders

Dropshipping isn't perfect, and there are lots of problem areas that you should be aware of. One of those issues: botched orders. Suppliers are bound to mess up an order here and there, especially if you're dealing with a larger supplier who gets a high volume of orders.

Sometimes, this means the supplier sends the wrong item to the customer. Worst case scenario? They never ship the item at all. That idea can send shivers down a dropshipping merchant's spine, so it's best to be prepared for it.

There's a 3-step process you can use for remedying order mistakes:

- 1. Apologize to the customer.** The first step is to admit the mistake and apologize for it. Do not blame your supplier. This makes you look like a poor retailer who can't own up to their mistakes. And remember, the customer should never know you have a supplier! So apologize right off the bat.
- 2. Make it up to them.** After you apologize, you'll need to correct the mistake in some way. The specific way you do that will depend on how big the mistake was. Sometimes you'll just want to send the correct product to the customer. Other times, you might want to refund the shipping cost or include a small freebie, such as a small amount of store credit. In any case, you need to make it right with your customer.
- 3. Confront the supplier about the mistake.** Even though you have to correct the mistake, your supplier should pay for it. Typically, a supplier will cover the shipping costs to return a wrong item or even send out a new one. They usually won't pay for any freebies or upgrades that you give the customer.

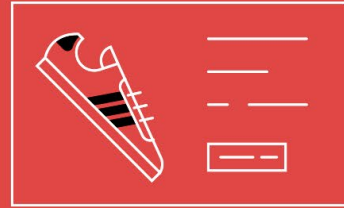
So what happens if your supplier botches several orders within a short time frame? Nine times out of ten that means you have a bad supplier. Unfortunately, there's not a whole lot you can do when dealing with a low quality supplier. Start looking for another supplier who has a better reputation for fulfillment. And if you do leave a supplier, make sure you explicitly let them know why!

After getting a supplier

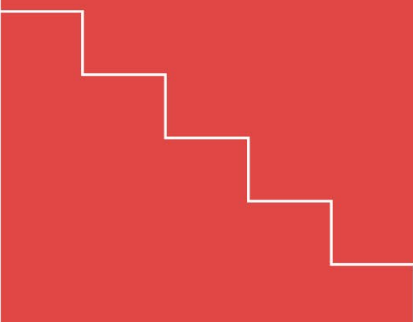
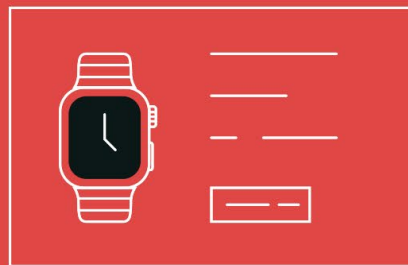
After you've landed a supplier, take some time to see how they perform. After a few months, you'll have a sense of how efficient they are. Don't be afraid to break it off and look for another supplier if things aren't going so well.

In Chapter 10, I'll discuss suppliers a bit more and talk about working with multiple suppliers to fulfill all of your dropshipping needs. I do recommend starting out with one, but once you get the hang of it, dealing with more than one isn't a big deal at all.

9



Marketing



After you incorporate your business, find a supplier, and start making sales, you'll want to get the word out about your shiny new storefront. Carefully planned marketing strategies are essential in ensuring the success of any dropshipping business, as it's marketing that drives traffic - and thus, sales - to your store. The good news is that there are lots of low-cost marketing strategies available, and you don't need to hire a marketer to start out.

Digital marketing is quite accessible, and it's good to know the basics even if you end up outsourcing marketing in the future. These concepts will help you define what types of people you're targeting and how you're going to reach them.

Creating buyer personas

You already know who you want to sell to, but how specific can you get? Do you know your average customer's income or education level? All good marketing strategies should involve taking a detailed look at your potential customers.

One way to get such a detailed view of your customers is by building a buyer persona. These are basically profiles of fictional customers who represent your audience as a whole. The personas are constructed from demographics and psychographics that are averaged together. The idea is that by marketing to a few fictional people, you can effectively market to your entire customer base.

Here's what a [buyer persona](#) looks like:

Sample Sally

BACKGROUND:

- Head of Human Resources
- Worked at the same company for 10 years; worked her way up from HR Associate
- Married with 2 children (10 and 8)

DEMOGRAPHICS:

- Skews female
- Age 30-45
- Dual HH Income: \$140,000
- Suburban

IDENTIFIERS:

- Calm demeanor
- Probably has an assistant screening calls
- Asks to receive collateral mailed/printed



This is a simple buyer persona, but you can get really complex if you want it to be. While it's not always necessary to have a bunch of details, it can help.

To create a buyer persona for your business, you'll need to research two types of statistics I mentioned earlier: demographics and psychographics.

Demographics tell you who your audience is. You'll find statistics like:

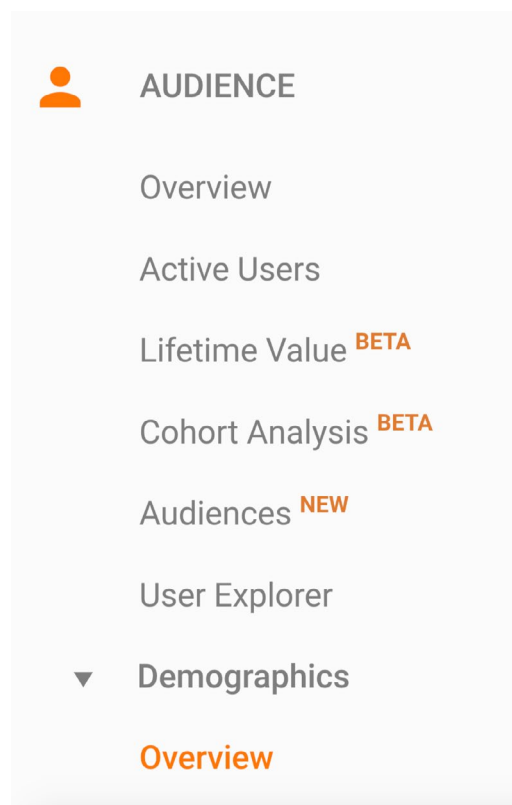
- Age range
- Location
- Education level
- Income
- Family information

Psychographics tell you why your audience wants to buy products. They give you insight into your customers' motives so you can upgrade your marketing strategy to appeal to them better.

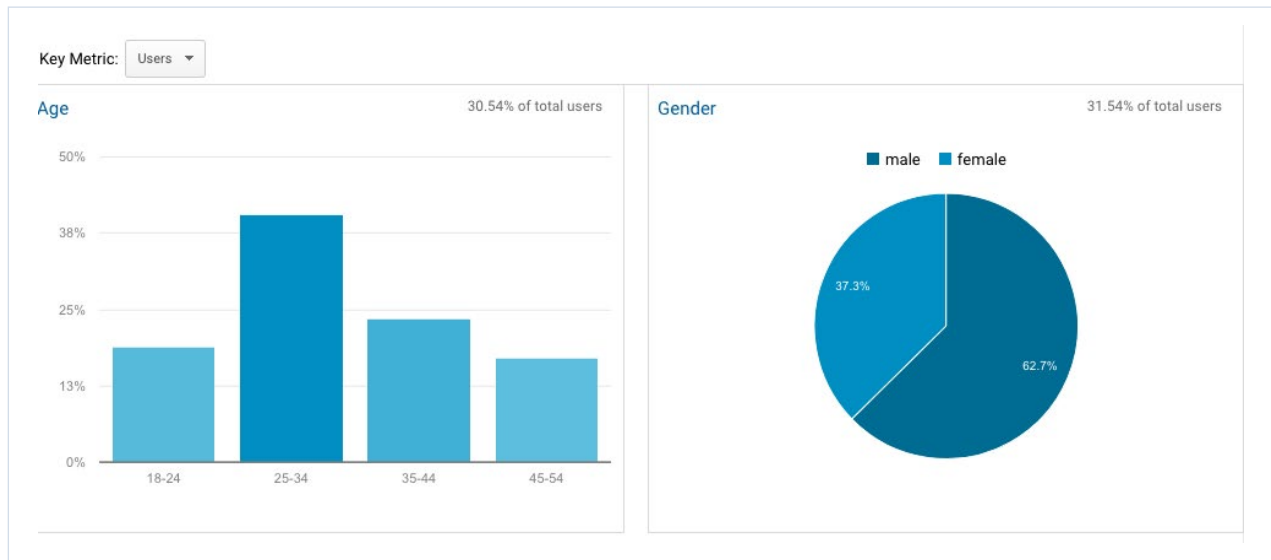
Here's a quick method of grabbing some basic demographics and psychographics. It uses Google Analytics (GA), a simple analytics tool that even expert marketers use. If you were comfortable with using Keyword Planner in Chapter 4, you'll have no problem with GA.

Navigate to <https://analytics.google.com> and log in.

You should see a sidebar on the left side of the page. Go to *Audience*, then *Demographics*. In the drop down, select *Overview*.

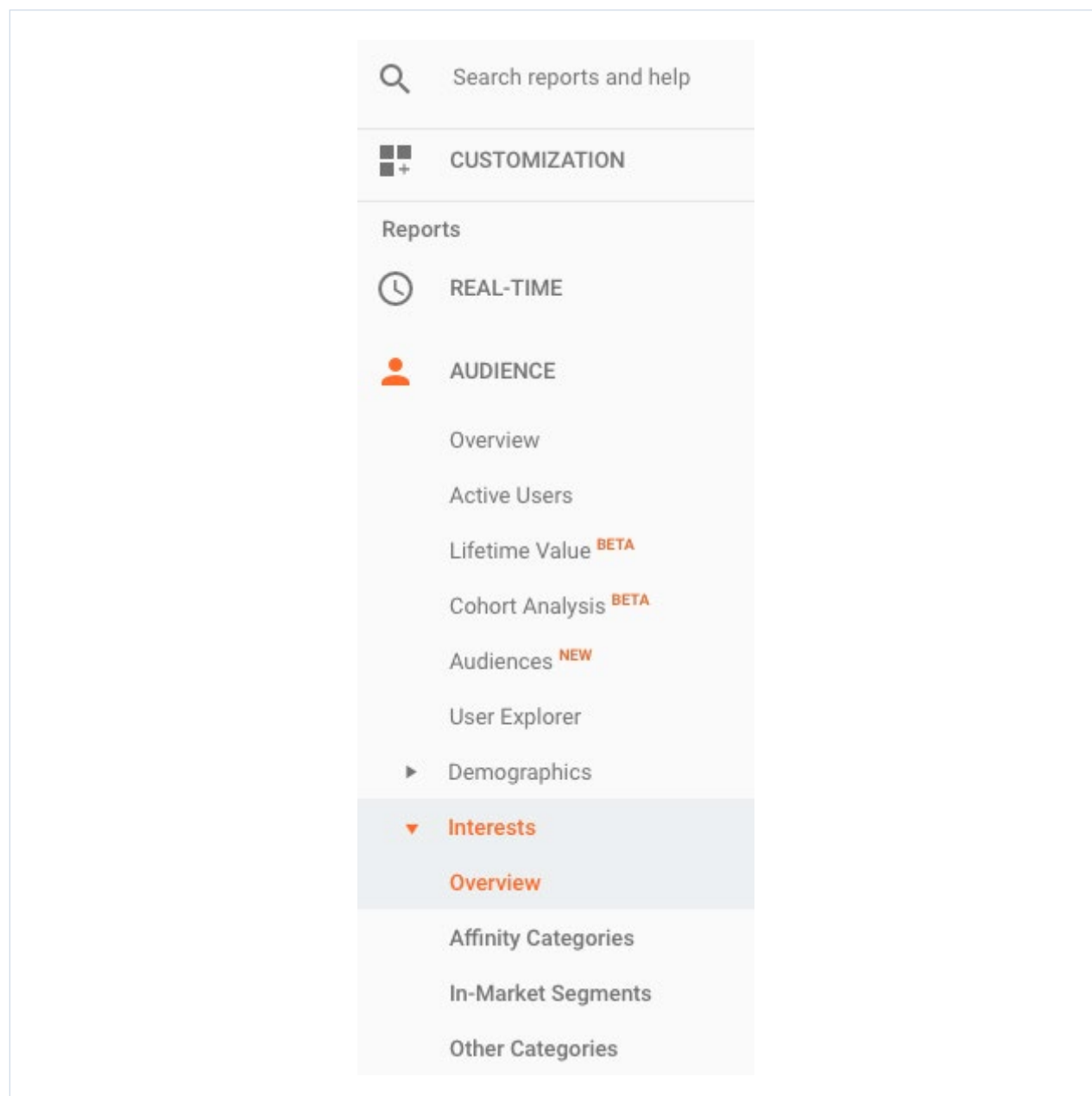


You'll see a couple of charts that give you information about age and gender.

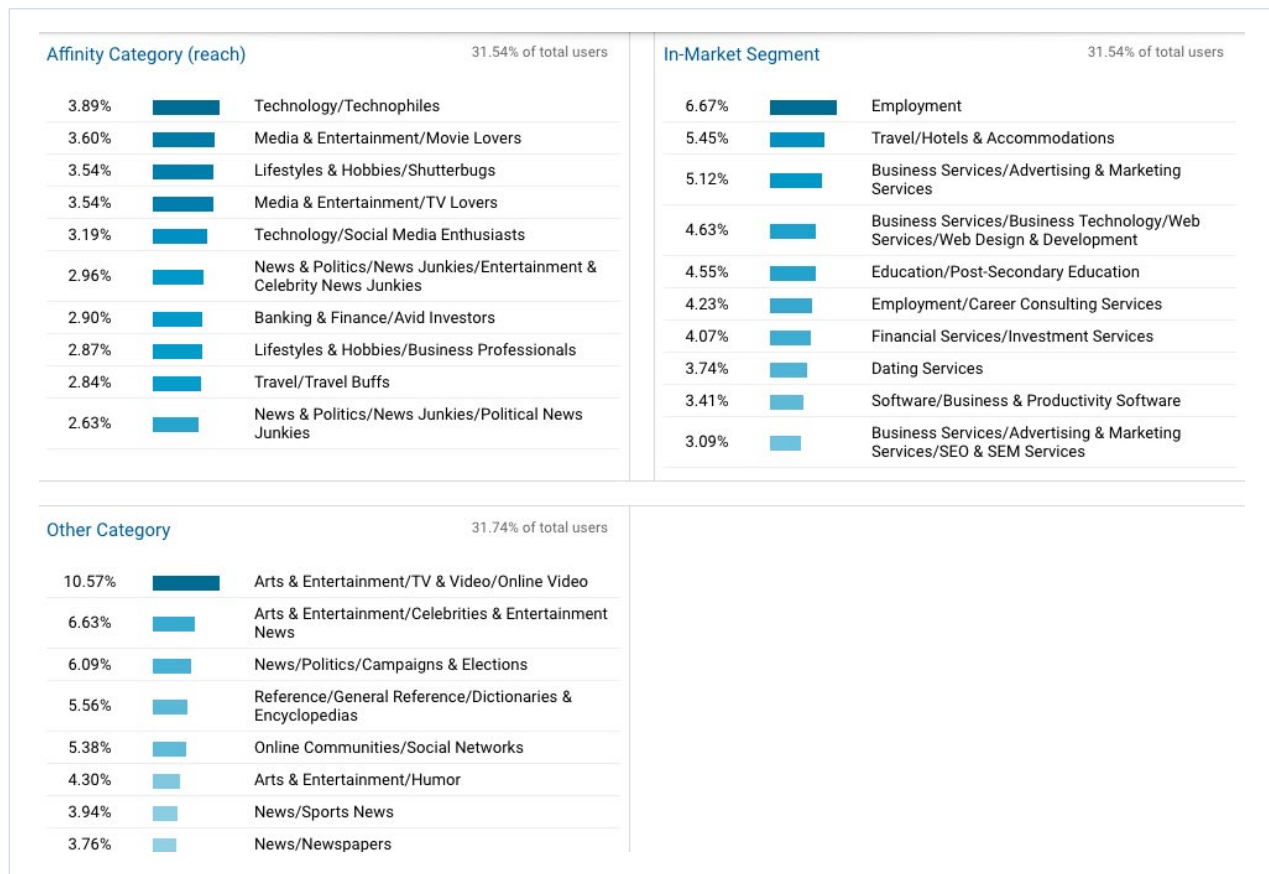


This isn't incredibly detailed, but it gives you an overview of these two vital statistics. Don't forget that you can adjust the time frame for these metrics to get an idea of how they've evolved over time.

For psychographics, go to the sidebar and navigate to *Audience > Interests > Overview*.



You'll see a few categories that tell you about your audience's interests. This data can help you understand what sort of topics your customers and visitors like.



This is surprisingly useful, and there are a wide range of applications. For example, you could investigate these niches to see if they intersect your own. Let's go back to the example of selling water bottles. If you find out a lot of your customers like the technology niche, you could see about selling a smart water bottle that can track how much water someone drinks. That's just one idea – the possibilities are endless.

If you want to get more detailed demographic and psychographic data, there are other tools you can use. You can also leverage user-generated content, like contest entries or survey responses, to collect this sort of information.

Once you've gotten enough demographics and psychographics, you can create a buyer persona like the one included at the beginning of this chapter. I recommend starting out with two (one male, one female) and using those for a while. If you're running into trouble, try creating additional personas, as you can focus on other data points and potentially learn something new about your audience. A detailed buyer persona can help inform and improve your marketing strategies drastically.

Creating negative buyer personas

You can also create negative buyer personas if you want to take a super-targeted approach to marketing. This step isn't necessary, but it doesn't hurt.

Steps To Identifying Your Negative Personas



1
Talk to your current customers



2
Talk to past customers who stopped working with you



3
Talk with prospective customers who have never heard of you



4
Send out a survey to your customer database



5
Conduct secondary research to look for industry and market trends



6
Talk with your sales and customer services team



7
Identify customer pain points



8
Identify customer goals



9
Analyze customer satisfaction scores



10
Examine analytics and metrics



11
Build a negative persona profile



12
Complete The Identifying The Wrong Customers Worksheet

[Image source](#)

A negative persona is the type of person you *don't* want to sell to. At first, this seems crazy. Why would you want to avoid selling to some people? Because not everyone is part of your audience. If your niche is fishing products, you won't want to market to firefighters. Negative personas narrow down your list of who you should be targeting.

Negative buyer personas are trickier to create because it's hard to know who to exclude. A good starting point is to think about who your problem customers are. This gets easier once you've been in business for a while and have interacted with lots of different types of people.

Then you can create a buyer persona like you usually would, only this time you'll be focusing on customer types to avoid. This is one of the more advanced marketing strategies that can really help you concentrate on the specific types of people who will love your products.

Low-cost marketing strategies

Now that you know who to market to, it's time to do the actual marketing. First I'll introduce some free or low-cost marketing strategies, and then I'll go over some tactics that involve a bigger financial investment.

Display ads

The marketing world has come a long way in the last several years. Display ads used to be those annoying top bar or sidebar banners that would flash to get your attention. Nowadays, display advertising is much more organic, which means they can form an effective part of online marketing strategies.

Take a look at this display ad from Volkswagen:



This is an excellent example of [what great display advertising looks like](#). It's interactive, eye-catching, and fun. Don't get me wrong: there are still tons of awful ads on the Internet. If you want your ads to get people coming to your store, you have to follow some important guidelines.

Make it about the customer. No one likes to be sold to, but people do like products that benefit them. Your ad should solve a problem the viewer is having. How do you find these problems? Through research, especially psychographics. A specific product you sell can solve one or many problems, but you have to find out which angle to take. In short, make your ads about how the viewer's life will be better with your product.

Be thoughtful about where to run ads. Dropshippers who run ads and place them everywhere see few results. Remember, you're not selling to everyone in the world. Heck, you're not even selling to everyone in your niche - remember what I said about negative buyer personas. You need to think strategically about the kinds of sites that would benefit you the most.

A good technique is to visit influential sites in your niche and look for an advertising page. You'll often find this in the footer or sometimes the navigation bar. Ideally, you want to build relationships with these influencers. Start by sending an email inquiring about ad space, asking about rates, etc. Don't try to force anything, and don't work with sites that aren't right for you. Let the conversations happen naturally, and you might be surprised at what happens.

If display ads interest you, you should know that there are two main methods of purchasing ads: working with one site or working with a large ad network. As with most things in dropshipping, one isn't always better than the other, so what's right for someone else may be wrong for you.

Working with one website often plays out as I described above. You find the site's advertising page, reach out, and get an ad spot. If you take this approach, think about becoming a regular advertiser. This is a great way to build strong relationships with other sites *and* their audiences. You'll get your brand in front of more people, and you'll have the beginnings of a robust professional network.

If you want to advertise to more people and are willing to compromise, an ad network can help get your brand out into the world. These networks are basically middlemen between you and the sites that your ads are displayed on. This is an easy method of getting lots of ads out on various websites, and often it's cost effective. However, you can't really build business relationships this way, and you can't be as targeted with your ads.

Search Engine Optimization (SEO)

If you've ever read any article about creating a website or starting a business online, you've no doubt heard about SEO more times than you can count. Plenty of online marketing strategies have incorporated SEO for years, and this approach isn't going anywhere.

Essentially, SEO improves the visibility of your site in search engines. If your site has good SEO, someone searching for a product type you carry will see your site on Google. This is why so many marketers shout the benefits of SEO from the rooftops.

SEO can be difficult to categorize because it's made up of so many elements. I'm not going to go over several SEO techniques in depth, but I will introduce some critical concepts that will help to increase your search engine ranking.

SEO breaks down into two types: on-page and off-page. On-page SEO deals with the content on your website, and off-page SEO happens outside of your site.

On-page SEO

There's a lot I could say about on-page SEO, but if I had to distill it into one sentence, it would be this: optimize your title tags, metadata, headings, and file information. If you're new to SEO, you probably have no idea what this means. That's okay – it's a breeze to master this. I'll break this down piece by piece.

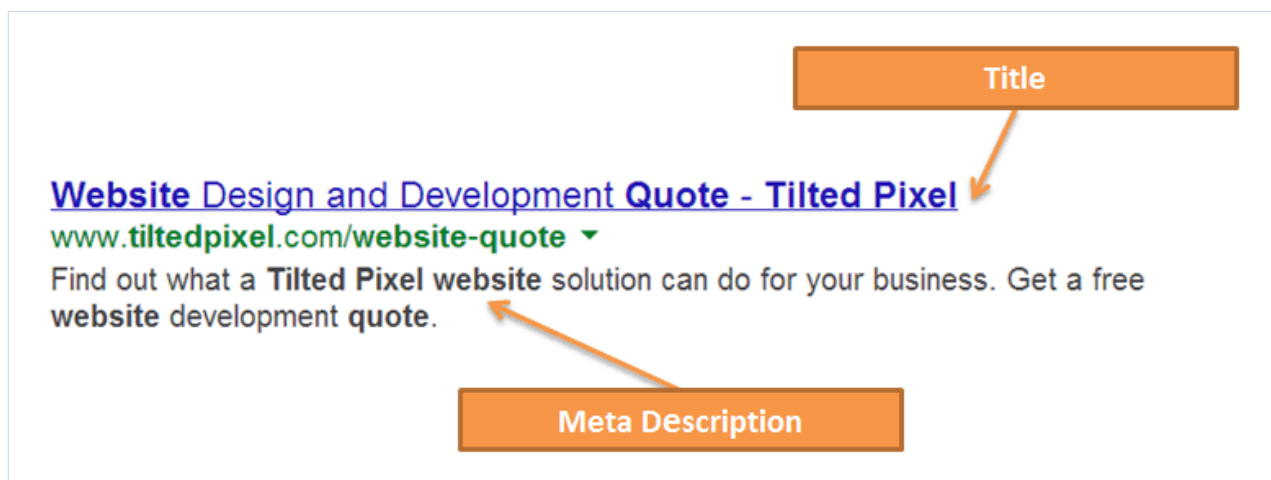


[Image source](#)

Title tags are what show up in Google as the title of your page or article. Although this seems like off-page SEO (since it matters most outside of your site), you define the title tag within your website. A good title tag should use a focus keyword, and that keyword should be as close to the beginning as possible. It also shouldn't be too long, or else it'll get cut off.

The meta description (sometimes referred to as the meta) is the small snippet of text that accompanies the title tag and URL in a search result. This is a great place to tell readers more about the page, and it doesn't hurt to pop in a couple of keywords either.

[Here's a diagram](#) that points to the locations of the title tag and meta description:



Next, let's talk about headings. In a piece of content, say a blog post, you'll often have headings and subheadings to break up the text. Search engines love finding these on pages because they aid in reading comprehension.

Finally, by file information, I mean adding more detail about the files within your site. There are a few things you'll want to do:

- Make sure all of your images have filenames and alt text
- Optimize your sitemap.xml file
- Set up your robots.txt

This might sound complex, but if you check out a few articles, you'll have this down faster than you think.

These are all really important aspects of on-page SEO, and you should definitely research them. There are way more on-page SEO techniques, like having a short and keyword-focused URL, but going over those would take a *long* time. So I encourage you to [do some reading about on-page SEO](#) and get comfortable with it.

Off-page SEO

For the purposes of this guide, I'm only going to talk about one element of off-page SEO: backlinks. By no means is this the only important off-page tactic, but it's the most foundational one.

It's commonly known that the more links a site has, the better it will rank. However, this statement needs a little qualification. I think a more accurate phrasing is the more high quality links a site has over time, the better it will rank. Getting links is a long-term plan, and you don't want to get links from anywhere and everywhere.

First, [your links need to be natural](#). This means not paying for links. I know, everyone doesn't, but you shouldn't. Paid links hurt your SEO, and you'll often get penalized if Google detects a paid link going to or from your site.

Second, you need to build a network of links. You want to have a lot of root domains linking to your site. Recall the section on using Moz Open Site Explorer. This will ensure you get the most juice out of your links, and it also allows you to build those crucial relationships with influencers and website owners.

Third, aim to [get high-value backlinks](#). Some backlinks will pass along ranking power to your site, and these are called *follow* or *dofollow* links. Other types called *nofollow* won't pass on any of this so-called 'link juice'. As a rule of thumb, always try to get dofollow backlinks.

Again, backlinks are just the tip of the iceberg that is off-page SEO. Interestingly, off-page SEO is ignored by many site owners because it's not as popular, so if you put in the work, you could gain an advantage over your competition.

High-cost marketing strategies

The saying “it takes money to make money” is true at times. This applies to marketing too. Sometimes, it's best to pony up and make a considerable investment if you want to see the kinds of crazy results that you hear about.

Influencer marketing. This is currently one of the hottest marketing strategies because it can drive sales like nothing else. If an influencer shouts out your product, you can expect to see some serious traffic and hopefully lots of conversions.

At this point, influencer marketing is its own legitimate subcategory of marketing. There are lots of [strategies to take your influencer marketing game to the next level](#). It's excellent for dropshippers because it's easy for an influencer to show off a product, as opposed to a service.

Contests, giveaways, and promotions. Giving away products, providing discounts, and running sales can all boost your bottom line, but you have to do it carefully. After all, you don't want to be giving away free products all the time! You might consider offering regular seasonal sales and hosting contests or giveaways for special occasions.

On the technical side, this is one of the easiest methods of improving marketing strategies. For example, you can use a contest app (like [Gleam Competitions for Shopify](#)) to set everything up in a few minutes.

Learning more about marketing strategies

While you don't have to become a marketing master, understanding how to use some basic marketing techniques can take you a long way. If you want to do more marketing, I highly suggest reading [some articles](#) about marketing strategies and techniques and learning about the newest [marketing trends](#). It takes a while to learn the ins and outs of marketing, but you can learn as you go.

10

Growing Your Dropshipping Business



You've made it to the final chapter: congratulations! Now that your business is up and running, I'm guessing you want to know how to manage and grow it. Running a tight ship is crucial, and if you don't make any changes or try to achieve specific goals, your dropshipping business won't last long.

In this chapter, I'll outline how you can create stability within your business, and then I'll suggest some ways to expand.

Dealing with problems

As you sell more, you'll be faced with problems. This happens to the best dropshippers, and if you don't know how to deal with these problems ahead of time, your business (and reputation) will suffer.

First, always expect the unexpected. Even when things are going smoothly, you never know when your supplier is going to botch an order or when a customer will send you an angry email. There are lots of surprises in dropshipping, so try not to get caught off guard when these things happen.

Here are a couple of the problems you might face and some ways to remedy them.

Returns and chargebacks

For one reason or another, you'll likely get customers returning items. In some cases, you may get chargebacks on orders. These are both specific problems, so I'll tackle them one at a time.

Returns. First of all, you'll want to have a return policy in place. This will largely determine on what your suppliers' return policies are. If your supplier has a 30-day return policy, you don't want to have a 45-day window, so base your policy off your suppliers' rules.

Second, understand the structure of a return. After the customer requests a return, you'll need to get an RMA (return merchandise authorization) number from your supplier. The customer sends the item to the supplier, noting the RMA on the address. Then, your supplier refunds you the wholesale price of the product, and you refund the customer for the full retail price.

Third, be aware of some issues that may pop up.

For example, some suppliers charge restocking fees. This can cause confusion – who eats the fee? I recommend taking the loss and not making your customer pay the restocking fee. Yes, you'll lose a little profit here and there, but your policy will be much friendlier to your customers.

What about items that are defective? Generally, suppliers won't cover return shipping for damaged or broken products, so that's another fee you have to pay. That said, you always need to cover return shipping, whether or not your supplier does. This is part of having a good business that treats its customers right.

A common practice for defective items is simply shipping the customer a new item and allowing them to keep the old one. While this makes the customer stuck with a broken product, it's cost effective since suppliers will usually cover the shipping costs of sending a new item out.

Chargebacks. A chargeback happens when a customer calls his or her bank/credit card company and disputes a charge. If you get a chargeback from a sale you made, you might be confused. That's because chargebacks only happen for a handful of reasons.

Most often, chargebacks will be fraudulent. These are pretty easy to handle. You just need to provide proof that you sent the item and that it was delivered. This typically means showing the exact order, shipping/tracking information, and a wholesale packing slip that details the items you purchased and shipped to the customer. Just don't wait too long to respond to a chargeback! You only have a few days before you're hit with that fee. Here's some more information on [dealing with fraudulent chargebacks](#).

There is a bit of bad news, though. If the chargeback is on an order with different shipping and billing addresses, it's nearly impossible to win. Sadly, if this happens I recommend eating the fee and writing it off as a loss.

Shipping issues

Speaking of shipping costs, there can be many complications with shipping. Most dropshippers have trouble with rates. Depending on which carrier you choose, you'll have any number of rate options to choose from, and it can be daunting.

Here are three shipping rates you'll commonly encounter:

Real-time rates. 'Real-time' simply means that a custom shipping quote is generated for each order. The weight of the products and the destination factor in to give you the final quote. This is highly accurate, but it can be difficult to implement.

Per type rates. Per type shipping uses flat fees for different sizes of products. For example, all products under five pounds might ship for \$5.

Flat rate shipping. This is one of the most popular shipping options because it's super easy. You just charge one flat rate for all shipments. This means you'll lose money on some orders but make it back on others. While it's not a very accurate method, it is simple and direct.

Many merchants who use flat rate shipping choose to offer free shipping sitewide and build the shipping costs into the product prices. This isn't a universal solution; [free shipping works great for some situations but not all of them](#). But if you can do it, offering free shipping is a nice way to appeal even more to your customers.

So which one of these should you go with? Flat rate shipping is what many dropshippers use, so you should definitely consider it. It's also the easiest rate to implement when you're first starting out. I recommend using flat rate at first and seeing how it goes. If you feel you could benefit more from another rate type, by all means look into it.

What about international shipping? Since most niches have a global market, this is something you'll need to face sooner or later. Be ready to think about the additional costs of international shipping, and browse your carrier options to see which one has the best rates for you. You can offer domestic shipping only, but depending on your niche, this could harm your sales.

While we're on the subject of carrier, I'll talk briefly about the options you have. In the US, you're basically choosing between UPS/FedEx and the United States Postal Service (USPS).

UPS/FedEx – If you're regularly shipping large packages, UPS and FedEx will give you better rates. Unfortunately their international rates are somewhat pricey.

USPS – If you're mainly shipping small packages, USPS is the way to go. You can usually ship small packages for under \$5. USPS also has much better international rates than UPS or FedEx.

For shipping both smaller and larger packages, it doesn't hurt to use two (or even all three) carriers. Think about which carriers will have the best rates for specific sizes and destinations.

Managing customer support

For a small business to be incredibly successful, it has to have a great customer support solution. I've seen a lot of dropshippers use nothing more than a business Gmail account and an Excel spreadsheet to manage customer support. This 'solution' is the equivalent of fixing up your car with duct tape. Sure, it works for a while, but it's not going to last forever.

It's ideal to use dedicated support software from day one. Help desk software can scale alongside your business, and it's easy to use. There are many options for you to choose from. Here are a few of my favorites:

[Zendesk](#) – One of the biggest names in customer support, Zendesk is one of the most popular choices. It also offers a wide range of pricing options, so you can start off small if you need to.

[Help Scout](#) – Help Scout is big on personalization. Support tickets are designed to look like regular emails, so your customers won't feel like they're receiving a canned response.

[Desk](#) – Desk is operated by the highly regarded Salesforce, and like Salesforce, it's a powerful platform that centralizes everything and makes support easier to manage.

Many dropshippers use one of these platforms, but there are lots of options out there. Find something that works for you and stick with it. The software you choose should also be able to accommodate a growing team.

Although more antiquated, phone support is also something to think about. This is especially vital for dropshippers selling items with larger price tags. All the way back in Chapter 4, I mentioned that people buying more expensive items will often want to speak to a team member on the phone. So if you're planning on selling pricier products, plan on getting phone support. [Grasshopper](#) is a good starting point that works well for small businesses.

Using multiple suppliers

While I requested starting out with just one supplier, most medium-sized dropshipping merchants use more than one. If you're selling a lot of product, having multiple suppliers at your disposal can make your job a lot easier.

There are several benefits to working with more than one supplier:

Order fulfillment is easier. When you're working with just one supplier and an item's out of stock, you're out of luck. Using multiple suppliers with overlapping inventories increases the chances that a product will always be available to you.

You can pick and choose. Being able to cherry pick the best products from various suppliers is a big deal. Say you're after a specific product. If Supplier A doesn't have it, Supplier B might. This simplifies product selection.

It gives you a safety net. If a supplier unexpectedly raises its prices or shuts down, you can count on your other suppliers to keep you in business.

And once you've found a supplier, it's a snap to find others.

Managing inventory

Keeping track of the products you have available to you is a must. Out-of-stock items can lower your conversion and retention rates, as it's highly inconvenient for a customer to be told their item isn't currently available.

Here are a few tips for mitigating the number of out-of-stock products in your store.

Ask your supplier(s) about item availability. Some suppliers may not stock all of their items regularly. Some products may be seasonal, for example. Ask your supplier(s) about this and make sure that your most popular products are available year-round (or close to year-round).

Don't be afraid to use generic products. Let's say you have two suppliers. If you want to sell something common, like a water bottle, chances are both suppliers have similar products in stock. Supplier A's water bottle may not be identical to Supplier B's bottle, but if they're *nearly* identical, you can often write a generic product description and sell both bottles under the same listing. (Of course, don't substitute for big brands like Samsung or Adidas.)

Use a robust inventory solution. Suppliers will typically have their own way to manage inventory, and if it's good enough, use it. If you find it lacking, look into software like [Ordoro](#) or [HubLogix](#). These tools can also help you manage inventory across multiple suppliers.

Building a team

When you start out, you can easily run your business all by yourself. As you grow, you might get overwhelmed with tons of daily orders, support tickets, and other administrative duties. That's when you should think about getting more people on board.

But who should you hire and when? Typically, dropshipping merchants can benefit the most from hiring certain roles.

Virtual assistants. [Virtual assistants](#) (or VAs) can be helpful if you mostly need assistance with administrative matters like processing invoices or organizing documents. It's usually fairly cheap to hire a good VA too. However, a VA can only do so much. While a VA can help keep everything on track, he or she can't take over marketing duties, for instance.

Customer support representatives. If you're getting a steady flow of support tickets and messages from customers, it could be worthwhile to hire a dedicated customer support rep. This will free up your time to focus on higher level responsibilities.

SEOs, marketers, copywriters, and designers. Depending on your exact business model and goals, you may want to [hire some freelancers](#) to do some once-off work. For instance, if you're running into problems with visibility in the SERPs, hiring an SEO to optimize your site could help. You may already know some people to fill these roles, but just be aware that you'll likely need all of these services at one point or another. Only you can determine if it's worth it to hire salaried employees in these roles.

Conclusion

Do you know why most dropshipping businesses fail?

Because they never start in the first place.

You wouldn't believe how many entrepreneurs I've talked to who say they want to start a dropshipping business more than anything, yet they don't do it.

A lot of entrepreneurs shy away from kickstarting a business of their own for various reasons. You might share some of their fears. Maybe you think your business plan isn't good enough or that you'll never make it in your niche.

What many big time entrepreneurs won't tell you is that many of them had absolutely no idea what they were doing when they started. In fact, by just reading this guide, you're more equipped than a lot of current business owners were at the start of their careers.

With that in mind, I want to remind you that you can do it. You don't have to have a perfect business right now. You just need to start taking action toward building a business of your own.

If you create a business with the goal of providing value, you'll be able to move past all your shortcomings and fire up a successful business. So many people today just want to make money fast, and customers see right through that. You have to have a desire to improve people's lives if you want your business to last.

The entrepreneurs who have been so successful didn't get to where they are today by doing everything flawlessly. They all made more mistakes than they could count. You'll do the same on your journey. You'll fall, pick yourself up again, and find out how to stop falling. It's a long road, but if you start today, you'll be surprised at how fast you can move.

Glossary

Business structure – A business’s legal status and associated classifications. For example, a business may be incorporated as an LLC or C Corp.

Buyer persona – A fictional customer profile that helps you determine how you should market and sell to your audience.

Chargeback – An official dispute that reverses a transaction and refunds the customer, taking the money from the merchant. Many chargebacks are fraudulent, and accumulating too many chargebacks often carries penalties.

Conversion – A conversion happens when someone takes a desired action. This is typically used to describe the process of converting a website visitor into a customer.

Distributor – A business that purchases from manufacturers and sells to retailers. This term is often used synonymously with the terms *supplier* and *retailer*.

Domain – The root URL of a website (e.g., <https://shopify.com>).

Dropshipping – A retail fulfillment method in which the retailer does not actually stock the product. Instead, the retailer works with a supplier to send products out to customers.

EIN – Employer Identification Number, used to legally identify a business entity.

Fulfillment – The process of completing an order.

Limited Liability Company (LLC) – A business structure that separates personal and business finances, giving you more protection.

Listing fees – Fees that ecommerce platforms (e.g., Amazon, eBay) charge for hosting products on their site.

Manufacturer – A company that manufactures products. Often, manufacturers sell to wholesalers in bulk.

MAP pricing – The minimum price that a product can carry.

Margin – The difference between what a merchant pays and what a customer pays. Also called *profit margin*.

Merchant – A retailer who sells directly to customers.

Minimum order size – The smallest order that can be placed from a supplier. This is either measured in unit size or price.

Net terms – A payment structure in which the retailer is given a set amount of time after purchasing to pay for the products from a supplier. So ‘net 30’ means the retailer has 30 days after purchase to pay.

Retailer – A business that sells directly to customers. Also called a *merchant*.

Search Engine Optimization (SEO) – The practice of enhancing visibility in search engines.

Search Engine Results Pages (SERPs) – A search engine web page that displays the results of a search.

Sole proprietorship – A business structure in which one person owns and operates the business. Typically there is no separation between personal and business finances.

Supplier – A business that buys products from manufacturers and sells to retailers. Also called *wholesalers* or *distributors*.

Supplier directory – A list of legitimate suppliers.

Supply chain – The path of a product from manufacturer to customer.

Wholesale price – The price suppliers charge to retailers.

Wholesaler – A supplier that sells to retailers.

